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THE LABOR MARKET

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BY

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To My Wife

WHOSE DEEP INTEREST IN THE PROBLEM

OF EMPLOYMENT

HAS BEEN MY INSPIRATION

IN THIS WORK

PREFACE

THIS work has a very definite purpose. It aims to prove the necessity for national machinery for the control of the problem of employment and to furnish information which the author hopes will be of value to employment office managers and to students of the employment and the labor problem. The conditions of supply and demand in the labor market are analyzed in Part I; past, present, and needed labor market machinery are discussed in Part II; while the common laborer and the farm laborer are given special consideration in Part III.

The writer has had three groups of readers in mind in the preparation of the work: (1) the general reader, particularly the employer and the legislator; (2) the employment official; and (3) the college or university teacher and his students. Readers who desire to make a comprehensive survey of the subject of employment, and teachers who want a concise but fairly adequate library for class use, will find that the following books supplement the present work: "Employment: A Problem of Industry," W. H. Beveridge; "Industrial Good Will," John R. Commons; "The Turnover of Factory Labor," Sumner Slichter; and "Hiring the Worker," Roy W. Kelly. Beveridge's work is the foundation upon which all subsequent writers have builded, and the writer wishes to add his tribute of appreciation of its informing and suggestive pages. The bibliographical note in Appendix I will be of assistance in directing the reader to valuable sources of current information.

The author has called attention to a large amount of supplementary material in the footnotes, chapter references, and bibliography. The references do not exhaust the material on the subject of employment. The author has simply selected a sufficient number of references to corroborate his points, to present the views of those who disagree with him, and to furnish additional reading for students of the problem. He has not cited any of the French or German references at all, although there are many studies of employment in the foreign languages.

Suggestions and criticisms of much value have been received during the preparation of this work from the author's colleagues, Professors Richard T. Ely, John R. Commons, and Edward A. Ross. Professor B. H. Hibbard, of the University of Wisconsin College of Agriculture, kindly read and criticized Chapter XIII, on Farm Labor. The author also desires to acknowledge indebtedness to Dr. William R. Leiserson of Toledo University; Dr. M. B. Hammond of Ohio State University; Dr. Charles B. Barnes, formerly state superintendent of the employment offices of New York State; Sanford E. H. Freund, formerly Director of the Clearance Division of the United States Employment Service; Frank E. Hoffman of the Minnesota Department of Labor; and David C. Adie of the Minneapolis Civic and Commerce Association, for suggestions which they have contributed to the writer's thought on employment at one time or another during the last few years. The New York State Industrial Commission, through L. W. Hatch, chief statistician, has kindly loaned the author a series of curves which appear in Chapter II, while the Texas Mechanical and Agricultural College, through Professor H. M. Eliot, has extended the same courtesy. Their charts appear in Chapter XIV.

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PART I

SUPPLY AND DEMAND FACTORS IN THE LABOR MARKET

THE LABOR MARKET

CHAPTER I

THE LABOR SUPPLY

THERE are five essential facts with respect to the labor supply of the United States which must be taken into account when we attempt to cope with the American labor problem: (1), the fluctuating but unceasing flow of immigrant laborers; (2), an ever-present labor reserve; (3), the decentralized character of that reserve; (4), excessive labor turnover; and (5), a defective system of labor distribution. These five phenomena are closely related. Each is both a cause and a result of the others. Taken together they furnish a picture of the *labor supply* side of our labor market. The opposite or demand side of the picture is presented in the next chapter.

1. IMMIGRATION AND THE LABOR SUPPLY

Immigration has been in a large measure a response to an active demand for labor in America. Year by year, as the power of our industries to absorb labor has increased, the tide of immigration has mounted higher and higher. Each successive wave of immigration reached a higher point than the one which preceded it, until we attained the high-water mark of 1,285,349 entrants in 1907, a figure almost equaled again in 1914, just before the outbreak of the war cut short our sixth great immigration wave. The movement from Europe to America since 1898 has outstripped all labor migrations in human history. In almost every year the number of immigrants increased by tens or hundreds of thousands, and 1908 was the only year which did not increase our immigrant population. Six years each brought more than a million, and the only year in the last quarter century which has witnessed a decrease in our alien population (1908), produced a reduction of only 124,124 aliens, which was almost *balanced by our net increase in the succeeding January and February.*[1]

America has continually called for more labor.[2] Her demand, transmitted across the waters in a hundred ways, has attracted Europe's sons by the millions. The slackening movement of Germans, Scandinavians, English, Irish, and Scotch has been more than compensated by the hundreds of thousands who have each year left the hills, valleys, or plains of Italy, Greece, the Balkans, Austria-Hungary, and Russia. Penetrating ever farther into Europe and Asia, America's invitation reached the Italian, the Slav, the Magyar, and the Jew; then the Syrian, the Arab, and the Hindoo; and the gates of Asia have opened for new races who are crossing the seas to try their fortunes in the cities and fields of America. During the war, Mexico's peons heard the call of opportunities across the border more strongly than ever before, and they came as far north as Minnesota to find a place in our industry.

Our net increase of population by immigration between 1900 and 1917 was over ten millions. The simple facts that such multitudes have come to us and have somehow found a livelihood, that the volume of immigration has been much larger in prosperous than in dull years, and that emigration is heavier in work-slack periods, have suggested that the inflow of immigration adjusts itself to the labor demand and forms an elastic element that helps us out when we are busy and relieves us of our excess labor when business is dull.

Unfortunately, the conclusion is not entirely true. A fraction of the immigrants come to America to fill our short-time demands for labor, but a large majority of our immigrants do not leave as soon as they find that industry's demands for labor are beginning to slacken. They come to America to establish their homes here. They come to stay, not to sojourn. The "bird of passage," about whom so much has been said and written, is the least important element in immigration. The immigrants who come to "make a stake" and then return to Europe to live are insignificant in numbers, compared with those who come to America to become Americans.[1] A large proportion of those who do return to Europe come back to America again and bring others with them.

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[1] "Immigration and Crises," H. P. Fairchild, *American Economic Review*, Vol. I, No. 4, December, 1911.

[2] We do not overlook the fact that many non-economic reasons cause immigration to come now as in the past.

An increase in immigration during our prosperous years and a decrease in dull times is perfectly natural. If you or I were migrating to Australia and had to depend upon our hands for a living, we would try to time our arrival so that we would have the maximum chance of earning a living. If the letters of those who had gone before indicated that work was plentiful, we would go. If they told us of unemployment and low wages, we would bide our time. If we were already there, and had accumulated some money with which to go home and get our families and times became dull, we would return home at once rather than remain abroad in idleness. But when conditions picked up we would go back again. If we had gone to Australia with intention to remain there, we would "stick it out" until prosperity returned. This is exactly what occurs among the European immigrants to America.

Consequently, *immigration does not produce that accurate*

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[1] Professor H. P. Fairchild has made this clear with respect to the unusually heavy emigration of 1908:

"Now what catches the public eye in such an epoch as this, is the large number of departures. We are accustomed to immense numbers of arrivals and we think little about that side of it. But heavy emigration is a phenomenon, and accordingly we hear much about how acceptably our alien population serves to accommodate the supply of labor to the demand. But if we stop to add up the monthly figures, we find that for the entire period after the crises of 1907, when emigration exceeded immigration, the total decrease in alien population was only 124,124 — scarcely equal to the immigration of a single month during a fairly busy season. This figure is almost infinitesimal compared to the total mass of the American working people, or to the amount of unemployment at a normal time, to say nothing of a crisis. It is thus evident that the importance of our alien population as an alleviating force at the time of a crisis has been vastly exaggerated. The most that can be said for it is that it has a very trifling palliative effect." — *American Economic Review*, Vol. I, No. 4, December, 1911, p. 758.

adjustment of labor supply to labor demand which some have assumed. The movement of labor from Europe to America is a movement of human beings seeking new homes in a better environment. *It is not controlled by any accurate knowledge of market conditions; neither is it regulated by any authority.* It is due to the fact that millions of people in Europe believe that America is a better place for them to live than their homelands. They come by hundred thousands in response to letters from relatives and friends who are here. Whole villages and districts have been almost depopulated of able-bodied men when returned immigrants flaunted their American prosperity in the eyes of simple peasants and told fascinating tales of the wealth, the liberties, and the opportunities of America. Steamship advertisements and agents have played no negligible part in turning many to our shores, and employers have found a host of ways in which to send the lure of a job to peasants eking out a scanty existence. The foreman has found it easy to suggest to his laborers that their countrymen would find work at good wages if they came over, and the home-going letter carried a message backed by the words of "the boss." Foreign grafters in America — padrones, immigrant bankers, and other "leaders" of foreign groups — have encouraged the immigration of fresh material for their exploitation. In times of prosperity the letters pouring across the Atlantic fascinate with high wages, plenty of work, hope, and enthusiasm. In dull times, they warn of unemployment, lowered earnings, and the hardships of the out of work. By such undirected means as these the fluctuation is produced.[1]

---

[1] The United States Immigration Commission says on this: "Through the medium of letters from those already in the United States and the visits of former emigrants, the emigrating classes of Europe are kept constantly if not always reliably informed as to labor conditions here, and these agencies are by far the most potent promoters of the present movement of population. . . . In fact, it is entirely safe to assert that letters of friends at home from persons who have emigrated have been the immediate cause of by far the greater part of the remarkable movement from southern and eastern Europe to the United States during the past twenty-five years. . . . It was frequently stated to members of the Commission that letters from persons who have emigrated to America were passed from hand to hand until most of the emigrant's friends and neighbors were acquainted with the contents.

When the flow gets under way immigration continues for some time after depression has begun in this country, because it takes a long time for retarding influences in America to be thoroughly felt on the other side. Similarly, when conditions improve, it requires positive assurance of better times before the immigrants will start out again. Supply adjusts itself to demand only in an inaccurate manner that produces untold suffering for thousands and leaves imprints in our social life that cannot easily be effaced. When the flow is on, too many are apt to come, producing unfortunate surpluses. When times get dull, those surpluses remain and make the unemployment situation more acute. Even during the prosperous period many go to places where they are not needed, rather than to localities where labor is in demand. In thousands of cases their destination in America is determined by the residence of relatives or friends rather than by industrial demands. When times become slack, only a fraction want to return to Europe and many who would like to go are unable.

The fact cannot be too emphatically stated that the flow of Europe's living stream to America is in obedience to a law of life as real as the law of gravitation. It is part of a world process of social equilibration. Human population tends to flow from poorer environments into better ones and will do so as long as there are marked inequalities of welfare in different lands. A decline of immigration from northwestern Europe has occurred during the past twenty-five years because social conditions there are more nearly equivalent to those in America. Immigration from southeastern Europe, on the other hand, began during this period because knowledge then penetrated to Austria, Russia, Italy, Greece, and Asia Minor that America would be to them a Promised Land. The better wages and expanding opportunities of employment in America were dynamic forces that loosened these peoples from their custom-bound lives in

In periods of industrial activity, as a rule, the letters so circulated contain optimistic references to wages and opportunities for employment in the United States. . . . The reverse is true during seasons of industrial depression in the United States." — Abstract of Reports of the United States Immigration Commission, Vol. I, pp. 187–188.

Europe and drew them to our shores. But the pull of these forces was not nicely adjusted to the actual volume of employment open to them here.

It does not necessarily follow that the accretions of population due to immigration have produced a surplus of labor in America that could not be employed. Our industries have been expanding and developing with marvelous rapidity in the last quarter century. Mr. I. A. Hourwich[1] cites government reports which indicate that our coal consumption, bank clearings, and railroad ton miles trebled between 1888 and 1908, our copper production quadrupled, and our steel production increased fivefold, while our population increased but 46 per cent. There can be no doubt that *the* important cause of the increase of immigration in the last twenty-five years has been the necessity for more crude labor to work in conjunction with our labor-saving machinery and expanding capital in the development and utilization of our natural resources. A growing country has required an increasing population. It is probably true that the multitude of cheap immigrant laborers which poured into the country between 1900 and 1907 and again between 1909 and 1914 tended to stimulate production and contributed to undue business expansion, but it is likewise beyond question that the nation had reached a stage where it was ready for more rapid development and able to use a greatly increased labor force.

It is important to note in this connection that in modern industry labor is used in combinations. The specialization of tasks and subdivision of occupations has created a situation in which skilled, partly skilled, and unskilled workers are each and all required for the performance of a single piece of work, and the absence of one of the necessary types of labor may prevent all the other workers in the group from securing employment just as surely as the absence of a demand for the product, or a lack of machinery, raw materials, or of buildings. The immigrant has in some cases competed with the American for a job;

---

[1] Cf. "Economic Aspects of Immigration," Isaac A. Hourwich, *Political Science Quarterly*, Vol. XXVI, No. 4, pp. 615 f.

in other cases he has completed the crew and enabled the American skilled worker to be employed.[1]

2. The Labor Reserve

And yet, in every year and month, and on every day when these millions have been coming, — 14,298,018 between July 1, 1900, and June 1, 1918, — there have been idle workmen on the streets of practically every city and town in America. Labor shortage and labor surplus have been coexistent. Abundant supplies of land, rich natural resources, and plentiful capital have needed labor for their utilization. Wages higher than those prevalent in Europe bespoke an insistent desire for men. Nevertheless almost every morning in the year found idle men at tens of thousands of factory gates, or hanging around employment offices and loafing places. The workless paced the streets of the cities and were present in nearly every country town. Labor surplus has been as ever present as labor shortage. Investigation after investigation of employment conditions has demonstrated a continuous supply of idle men. No records yet compiled (so far as I know) have ever found the unemployed reduced to zero.[2] Employers have lacked men and at the very same time men have lacked work.

An explanation of this paradox is fundamental to intelligent discussion of conditions in the labor market. It is certainly true that surplus and deficit cannot steadily coexist in the commodity market of the whole nation. We either have more wheat than we want, or less, or just enough. How, then, can we have deficit and surplus coexistent in the labor market?

---

[1] A typical illustration may be cited. A steam-shovel crew consists of an engineer, who controls the power-creating apparatus of the shovel and the movement of the shovel from point to point along the job; a "runner," who operates the dipper; and three or four pitmen, who are common laborers, often recent immigrants. If the employer lacks an engineer, the whole crew must remain idle. If he lacks a "runner," the same thing is true. If he could not find the pitmen, the engineer and runner, skilled as they are, would be unable to operate. The entire labor combination must be available or the work cannot proceed.

This condition is as characteristic of manufacturing, many phases of agriculture and merchandising, railroad work, lumbering, and many other industries as it is of shovel operation.

[2] Professor M. B. Hammond of Ohio State University states that after February, 1915, the level of unemployment in Great Britain was less than one per cent, "a level lower than that reached at any other time since such figures began to be gathered." — *American Economic Review*, Vol. VIII, No. 1, Supplement, March, 1918, p. 147.

We omit from consideration for the moment the fact that some of the "unemployed" are not entitled to that designation. They are "unemployable"; either through incapacity or inclination.[1] They are idlers or unfits rather than "unemployed." It is our present task to account for the presence of unemployed *workers* in a labor market that is calling for men.

The first fact which we must note is that the supply of labor cannot fluctuate in amount in harmony with the fluctuation of demand for it to the extent that the supply of commodities does. The supply of iron, grains, or cloth is controlled by the acts of persons who produce or fail to produce according as they expect or do not expect that production will be profitable. Supply is quickly increased or diminished in response to calculations by producers of prospective prices. Intelligence and prudence dictate their action in the matter. If producers err and give us an oversupply, they suffer in lowered prices and we store the commodity for future use. Future output is decreased until the surplus is consumed. In normal times oversupply or undersupply is a temporary, short-time phenomenon, often local in its effects, and simply affects prices and future production.

The labor supply is entirely different. Labor is an expression of the personal energy of a human being. The productive energy which the laborer sells to his employer is inseparable in existence and in use from the personality of the laborer. In order to increase the supply of labor power in the world we must either increase the number of people or materially increase their efficiency. In order to decrease the total available supply of labor power we must decrease the world's population. Neither increases nor decreases in population can be accomplished quickly. The labor supply has other interests than work. It is produced in response to other than economic motives.

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[1] See Chapter III for discussion of the unemployed.

It comes into existence through *human* reasons, not for market demands. It does not increase or decrease at man's quick word. It takes years to bring the babe to the age of economic labors, and he must be fed whether his labor is needed or not. Only war, famine, or pestilence can rapidly reduce the labor supply, and even the worst war in history has not produced a large diminution. Its chief effect is a disturbance of the relative density of population in different countries; a considerable destruction of adult workers, and the development of a large number of semi-skilled, highly specialized women workers to take the place of many of the skilled men who have died.

The war caused thousands of men who were habitually unemployed to go to work. Some of these were rich men, some loafers, some elderly men who had retired from active work. It brought hundreds of thousands of women who had never worked for wages into industry. It compelled boys and girls to work in much larger numbers, especially during the school vacations. But this large and rapid shifting of persons from the unemployed to the employed class was abnormal and temporary. It could not have occurred in peace times. It was in violation of the standards of life that ordinarily obtain. It was an emergency measure to relieve shortage of labor endangering the very existence of the nation. The suction which drew these persons into industry was not the need for an increased labor supply but the necessity for filling millions of jobs made vacant by men withdrawn for military and naval service. They entered industry to restore the labor supply rather than to increase it.

Hornell Hart has gathered some interesting data on the American labor reserve. He found that from one million to six million workers were idle in the United States at *all* times between 1902 and 1917, exclusive of farm laborers.[1]

"The least unemployment," he says, "occurred in 1906–07 and in 1916–17, while the most occurred in 1908 and in 1914 and 1915. The average number unemployed has been two and a half million workers, or hardly ten per cent of the active supply. It will be noted . . . that in 1907 and 1917, the demand for labor exceeded the normal supply, and . . . additional workers were called in, as indicated by the bumps in the supply line in these years. Even at these times, however, unemployment is shown. The reason is this: Urban industries require a working labor-margin of at least four or five per cent, or a million to a million and a half workers. These are the men and women who, though normally employed, are temporarily not working because of sickness, seasonal fluctuations in their trades, changing from one position to another, strikes, shortage of material or transportation facilities, and so forth. Hence we have the paradox of a million and a quarter unemployed at the same time with an unprecedented demand for labor."

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[1] "Fluctuations in Unemployment in Cities of the United States, 1902 to 1917," Vol. I, No. 2, of Helen S. Trounstine Foundation, Cincinnati, Ohio, pp. 51–52.

Another valuable set of figures is found in the weekly reports of the Ohio free labor exchanges. Ohio has had public employment offices in twenty-two cities since early in the war period. Their weekly reports show that in 1917–18, though the withdrawal of men for military service, a reduction of net immigration to about 20 per cent of what it was before the war, and the strong demands of war industries for men combined to create an acute labor shortage, there were idle men at all times. Even in the months just before the armistice, when tens of thousands of workmen were needed, there was a labor reserve.

The reports of the public employment offices in other states show the same fact. The Monthly Bulletins of the New York Department of Labor on "The Labor Market" show requests by employers for a much larger number of men than applied at the offices for work during 1918; but they also show that the number of men sent to employers by the offices was smaller than the number of men who applied for work. In other words, after as many as possible of the applicants for work were given positions with employers, there was still left a group of workers who were not placed. The total for the year shows that the employers called for 779,972 men; that 443,782 workers applied for employment, and that 283,640 were actually placed. This leaves a surplus of 160,142 applicants who could not find work from the employment offices in spite of the fact that employers requested approximately 500,000 more men and women from the offices than they obtained. The figures for 1917 and 1916 show a slight surplus of offers for employment over the number of applicants seeking employment. But in each year the number of persons placed in employment was considerably smaller than the number who applied for work.[1]

We do not wish to be misunderstood. We are pointing out that no matter how strong the demand for workers, some are nevertheless out of work. *Some of these will not work;* some cannot fit into the jobs that are open; some are out of touch with the opportunities of employment; some are persons who are continually passing through jobs rather than into them. The New York report just cited reveals that even when employers were calling for many more men than were seeking employment, there were more persons in some occupations seeking work than there were openings for them.

The person whose eyes were open during the summer of 1917 and of 1918 would not need statistics to prove that this was so. What city could you enter without finding men loafing around saloons, pool halls, or employment offices? The very fact that there was a strong demand for labor at high wages only made some classes of labor the more irregular. Many, on the other hand, could not fit into the actual jobs offered. Some were tied down by family responsibilities that made it impossible for them to go to the places where labor was needed.

3. Decentralization of the Labor Reserve

One reason for persistent labor surpluses is the decentralized character of our labor reserve.[2] The typical character of the American labor supply has been that we have not had *a* labor reserve but thousands of labor reserves, a *decentralized* labor supply. Each city has had a *multitude of groups* of laborers.

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[1] *The Labor Market in December* 1918, New York State Department of Labor, p. 5.

[2] Cf. "A Federal Labor Reserve Board," Wm. M. Leiserson, *United States Bureau of Labor Statistics, Bulletin* 220, p. 33, for an able comparison in this respect of the money market and the labor market; "Unemployment a Problem of Industry," W. H. Beveridge, Chap. 5.

Every morning saw ten men at this factory gate, a hundred at that; saw carpenters, laborers, clerks, stenographers, salesmen, factory hands, peddling their labor at one business place or another. Each town, each large establishment was the center of a permanent labor reserve, composed in part of changing individuals but always there.

The American employer has been able to assume as a matter of course that there would be idle men at his gate this morning, to-morrow morning, every morning. He has accepted orders upon the security of that expectation. If the reserve *at his place of business or in the immediate locality* disappeared, he complained of a labor shortage. In his mind, consciously or unconsciously, was an idea that *he was entitled to have available at all times enough labor to man his plant to maximum capacity*, even though he did not run at maximum capacity thirty days in the year. He expected that those who did his hiring for him would be able to *select* from an assembled group the man best suited to do his work; and that laborers would compete with each other for the jobs he offered, thereby keeping his wage costs down.

It is not strange that a policy of dependence on an ever present labor reserve should have developed in America. Immigration provided a supply of men to replenish continually local labor reserves, and employers found it easier to attract plenty of labor to each locality so that they could have it when they needed it than to provide labor market machinery that would find labor when it was needed.[1] There was no organized system of labor distribution to which the employer could turn for labor, and he was so accustomed to depending upon miscellaneous means to attract labor to his plant, that he did not realize that there could be an organized labor market. It did not occur to him that a centralization of the labor supply with machinery which would provide him with labor when he needed it and draw off his surplus during his dull seasons was an important need of the nation. He knew that banks enabled employers to carry on the nation's business on a smaller amount of capital than would be required if each employer carried his own capital reserve, but he did not realize that an organized labor market would enable him and his fellow employers to carry on production with a much smaller idle labor force.

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[1] "Two years ago a manager of major rank in a great Philadelphia plant told me: 'We are not interested in problems of personnel. We have a lot of work, but there are always more people to do it than there is work; and if those we have do not wish to work under our conditions, they can go, and we will go out and get others.'" — E. M. Hopkins, President, Dartmouth College, *The Annals*, May, 1917, p. 3.

The situation was one in which the forces operated in a circle. Immigration provided a multitude of laborers to furnish the local labor reserves. Excessive labor turnover led the employer to believe that there was a labor shortage even when there were many idle men. The lack of any organized labor market made him depend on the local reserves, and the presence of the local reserves prevented a consciousness of the need for an organized market. It is not difficult to understand why he was interested in the maintenance of the reserve and favored unrestricted immigration.

The vigorous local calls for men which we find periodically in big headlines on the first pages of American newspapers are part of the process of accumulating local labor reserves. The reluctance of many employers and newspapers to admit the presence of unemployment is due to the same cause. In the winter of 1915–16, when unemployment was rife in most American cities, the writer was in a large middle west city where conditions were no better than in other places, but where the employers' association and the newspapers refused to admit that work was slack. They maintained that exceptional prosperity, as compared with other cities, obtained in the community. The result was such an inflow of men from neighboring states that public school buildings had to be opened for idle men to sleep in. In order to insure their comfort each man was furnished with a newspaper to sleep on. One who wishes to understand the bitterness of many workmen toward the more well-to-do classes should stop to imagine the state of mind of these men, some of whom had come several hundred miles to a badly overcrowded labor market, because of false representation of the industrial situation in the newspapers.

The time has now come in our national development when employers must realize that the maintenance of these local labor reserves is unsound economic and social policy. In the past most of our businesses have operated on the theory of short-time employment of labor without responsibility resting on the employer for what occurs in the life of the laborer after he has passed out of the individual employer's service. They have expected a large portion of their labor force to leave after a short employment; and they have expected, on the other hand, to discharge many of their workers, after a short period of service. They have expected labor to be available (just like land, buildings, and machinery) whenever they wished to speed up production, and they gave little thought to what became of it in the interval before it was needed again.

The time for such indifference has passed. American employers and the American government are being held responsible in the minds of the workers for the hardships from which they suffer through irregular employment. *Unless those who control our industrial policies accept responsibility for those hardships, and recognize that the worker's relation to production is and must be different from that of the raw material or the machine, we will have to face, sooner or later, a demand for a social and economic system that will concern itself.* The maintenance of a labor reserve for each establishment, or at least in each locality, that is adequate to meet the employers' needs at times of normal maximum production, but is idle much of the year, is one of the principal causes of industrial unrest and bitterness. We recognize fully that many workers are idle through their own fault, but that fact does not excuse the policy of decentralized labor reserves.

Immigration has played an important part in this matter by providing human material for the labor reserves. But these surpluses are not entirely due to immigration. It is debatable whether immigration can be held chiefly responsible. Reserves have developed in England as well as in America. They are largely due to the unorganized labor market and to fluctuations of production.

"An excess of labor over the demand appears to be a normal condition in the skilled and organized trades," says Mr. Beveridge[1] (the leading British authority on employment). "It is hardly necessary to argue at length that the same condition is found in the unskilled and unorganized occupations. The glut of labor in them is notorious. Has there ever, in the big towns at least, been a time when employers could not get practically at a moment's notice all the laborers they required?"

Other English investigators have reached the same conclusion:

". . . About each trade there tends to accumulate a pool of labor large enough to satisfy the highest potential demand of that industry, and the sum of all these pools forms a 'reserve army,' a great convenience for the employer, who can draw upon it at need and feels no responsibility for its maintenance while on reserve. . . . 'The army of men and women standing at his beck and call cost him nothing except for the actual hours that they were at work. And the very existence of such a "reserve army" places each member of it more completely at his mercy with regard to all the conditions of employment.'"[2]

Similar conditions can be found in America in localities and industries but little affected by immigration. The southern cotton mill situation is a striking illustration. Here the labor force consists of native-born whites. Immigration, at least up to 1909, did not furnish the labor supply. The mill laborers were obtained from agricultural districts or from the mountains. The companies distribute their work among a much larger number of "hands" than can ever be employed at one time and there is such a large labor surplus that the employees are loud in their complaint that they are "sent out to rest" when they are both able and willing to work. "It is a vicious circle," says a federal report. "There are too many hands because the people work irregularly. The people work irregularly because there are too many hands."[3] At Fall River, where the labor force is largely composed of immigrants from Europe, the situation is almost identical.

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[1] "Unemployment, A Problem of Industry," W. H. Beveridge, pp. 69–70.

[2] Seasonal Trades, 1912, edited by Sidney Webb, pp. 6–7.

[3] Report on Woman and Child Wage Earners, Senate Document No. 645, 61st Congress, Vol. 16, p. 155.

The migratory laborers who meet the needs of certain seasonal industries constitute a special type in the labor reserve. Probably no country in the world has such a proportion of travelers among its workers. Thousands of young men from our farms, country towns, and cities are caught in the whirl of industry, — many of them to spend their lives whirling from place to place, industry to industry, and job to job. Unable to get steady employment when they first go to the city, or not liking the work they get, or fascinated by the opportunities that they hear exist in distant places, or caught by the wanderlust, they start on the road to wander — nowhere. Many of the immigrants, free to wander, drift into the same habit. Having come four or five thousand miles, another thousand does not matter. Dependent on employers' emissaries and employment agencies for work, they have to go where they are sent. The fluctuating demands of railways, contracting, lumbering, mining, harvesting, manufacturing call for men, now here, now there.

No one knows how many there are of these migrants; some estimate that we have hundreds of thousands; some, more than a million. We only know that every labor center has a host of employment offices, lodging houses, saloons, pawnshops, second-hand stores, vice and gambling dens, and often corrupt police officials that prey upon them and depend upon them for their sustenance.[1]

4. LABOR TURNOVER

The ever present labor reserve encourages excessive labor turnover. Employers can be careless about their labor because they can easily get more. Workers can lightly "throw up their jobs" because many others are doing the same thing and they can therefore secure other employment. For this, and many other reasons, labor passes through our industries rather than into them.[1] A relatively small number of progressive employers have inaugurated labor policies which hold fairly stable forces in their establishments, but most employers are clamoring for more men while they let those they have slip through their fingers. The workers, for their part, are also at fault. Many quit jobs at the slightest provocation or for the mere sake of change, without any knowledge of where they will again secure employment.

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[1] See references under "Migratory labor" in index, also Chapter XIII. Cf. "A Clearing House for Labor," D. D. Lescohier, *Atlantic Monthly*, June, 1918; "The Employment Service as a Means of Public Education," D. D. Lescohier, *Industrial Management*, April, 1919; "The Psychology of Floating Workers," P. A. Speek, *The Annals*, January, 1917; "One Thousand Homeless Men," Alice Solenberger.

5. Unorganized Labor Distribution

We have already suggested, in the discussion of the decentralized labor reserve, that one of the principal reasons why unfilled labor demands and idle workers coexist in the labor market is the nation's lack of any market machinery competent to bring our employers and our workers together. The same lack of policy which permits us to receive from Europe any amount of labor which may happen to come, without regard to the chances of giving it all employment, is found in our domestic labor distribution. New York, Pennsylvania, or New England may be swarming with men, and Illinois or Missouri short, but we have no social machinery which can *accurately* shift the labor surplus of certain localities into the labor deficit of the other localities. The workers have to depend upon rumor or private employment agents to direct them to the work; while employers naturally resort to the accumulation of local surpluses to safeguard the productive capacity of their establishments. The crude efforts which have been made thus far to provide public employment exchanges have hardly scratched the needs of the situation. Even during the war we had no labor market which could be compared with our cotton, butter, or copper markets. Previous to the war we had not evolved machinery for efficiently mobilizing, distributing, or placing labor. We had put the best brains in the nation to work on the solution of capital, transportation, commodity, and credit problems; but had practically ignored the employment problem. The war, with its check on immigration and its withdrawal of labor for military service, artificially reduced the supply of labor and suddenly directed attention to the nation's need for machinery of labor mobilization and distribution. It made the nation conscious, as a thoughtful few were conscious before the war, that we had no labor *market* and needed one.

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[1] Cf. Chapter IV for detailed discussion. Consult index for other data scattered through other chapters.

The United States Employment Service was the answer to a war-time crisis produced by ineffective labor distribution. But this employment service was not a true organization of the labor market since a host of competing agencies kept labor mobilization and distribution in a state of chaos. Neither was it created to serve the employment needs of employers and employees, but rather to serve the military necessities of the government. It accepted the business of employers in non-war industries, but its main duty was to mobilize labor for war industries. It was not established to help solve the nation's employment or unemployment problem, but to facilitate the transfer of labor from industries not essential in war time to so-called "essential" industries. It was a piece of war machinery with a war function rather than a piece of industrial machinery with an industrial function. Every person who realized America's need for an organized labor market hoped that the United States Employment Service would be developed into a permanent system of control over the employment market, and that all other agencies would be discontinued. But that consummation was not attained during the war, and at the present time the failure of Congress to appropriate funds for the Service leaves the country in a situation almost as bad as before the war.

CHAPTER II

THE DEMAND FOR LABOR

THERE is one essential fact with respect to the demand for labor which must never be forgotten. It is the fundamental fact. Neglect of it has caused much unsound thinking. It is the simple fact that America's labor demand consists of millions of specific, individual demands for specific types and qualities of labor to work in specified establishments for more or less definite periods of time. It is a composite of multitudinous individual demands emanating from individual concerns. Each demand for labor is individual as to employer, place, type of labor sought, wages offered, hours to be worked, conditions of employment, and the duration of the work offered. *The labor demand is decentralized. This is one reason for the decentralized labor supply.* The demand comes from every sort of employer in every sort of place for every sort of workman. It comes from governments, corporations, partnerships, and individual employers; from cities, towns, camps, and farms; from factories and mines; banks, stores, and offices; railroads and steamship lines; and from a host of small workshops, contractors, and personal service establishments. When an employer wants a bricklayer it does not help him to have a carpenter applying for work; when he needs a dairy hand he cannot get along with a tile ditcher. The demand at any one time is a demand for steady, seasonal, short-time, and casual workers; for mechanics, office help, skilled operatives, semi-skilled, slightly skilled, and unskilled laborers. The seasons of maximum and minimum demand in some industries duplicate, in some overlap, in some dovetail.

One of the most important problems which confronts our nation is the creation of means for feeding a decentralized demand for *labor into a centralized organization able to locate the individual workman suited to each individual demand*, and bring the two together with the least disturbance to industry and to the home life of the worker. It is not a problem of massing orders and mobilizing men so often as it is a problem of discriminating selection of the man who meets an employer's need and the employer who meets a man's need.

1. Rise and Decline of Industries and Occupations

The 1910 census shows a rapid expansion of American industry in the decade from 1899 to 1909. Our population increased 15,977,691 (21 per cent). The number of farms increased 624,130 (10 per cent), farm acreage, 40,206,551 acres (4.8 per cent), and improved farm lands 63,953,263 (15.4 per cent) acres.[1] But this expansion of agricultural population and acreage was eclipsed by the growth in our urban industries. The number of manufacturing establishments (excluding hand and neighborhood industries) increased from 207,514 in 1899 to 268,491 in 1909; the number of factory wage earners from 4,712,763 to 6,615,046 and the factory wage bill from $2,008,361,119 to $3,427,037,884.[2] This is an increase of 29.4 per cent in the number of factories: of 40.4 per cent in the number of wage earners employed; and of 70 per cent in the employers' wage bill. Our railway, street railway, public utility, mercantile, banking, and other industries supplementary to agriculture and manufactures experienced similar expansion. They were years of rapid development, broken only by the slight depression of 1904 and the panic of 1907–08.

The reader of the census who finds an increase of 21 per cent in our population during the decade and an increase of 40.4 per cent in the number of factory wage earners is apt to conclude at once that here is conclusive evidence that any able-bodied man who was idle during this decade was loafing. But a more careful analysis of the census reveals that the totals quoted are but an *average* of changes which occurred in a multitude of industries, *each of which had a different experience.* Some increased marvelously, some slowly, some decreased, some died out. The number of wage earners in automobile factories increased 3278.9 per cent, but the number in roofing material establishments decreased 67.5 per cent. The number manufacturing steel doors and shutters increased 1268.4 per cent, but the number making paving materials decreased 41.7 per cent. Wage earners increased 55.1 per cent in cottonseed oil products and 265.7 per cent in beet sugar factories, but decreased 44.1 per cent in oleomargarine factories, and 19.7 per cent in glucose and starch works. Further analysis shows that even such contrasts as these do not tell the story. Certain industries, such as the manufacture of carriages and wagons, corsets, miscellaneous oils, turpentine, and house furnishing goods, decreased their force between 1899 and 1904 and then increased again between 1904 and 1909. Others, such as shipbuilding, cooperage, rice cleaning, the manufacture of rubber boots, wirework and cables, and malt liquors, increased up to 1904 and decreased during the last half of the decade. The census tables show that seventy-one industries decreased their labor force during the decade. In twenty-one cases the reduction was large.

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[1] United States Census, 1910, Vol. V, p. 28.

[2] *Ibid.*, Vol. VIII, pp. 40–43.

The war caused striking changes in the prosperity of industries and their resultant demands for labor. The manufacture of spirituous liquors, which increased its labor force 72.8 per cent between 1899 and 1909, showing a growth throughout the decade, was suddenly stopped entirely by a governmental order. Shipbuilding, in which employment decreased 13.4 per cent from 1899 to 1909, was given a stimulus which caused the industry to increase its employees by tens of thousands.

The Food Administration requirement that we decrease our sugar consumption enabled the corn sirup industry to expand rapidly. When the Food Administration's regulation of sugar consumption ended, the sirup manufacturers necessarily suffered a sharp reduction of sales, compelling reductions in their labor force. The war brought repression to many a non-essential industry, such as ice cream and confectionery manufactures, pool rooms, and importing companies; while stimulus came to all businesses fortunate in their adaptability to war needs. Iron and copper mining, steel manufactures, typewriter manufacturing, dye making, saddlery and harness making, cheese and condensed milk manufactures, the cloth industries, and a host of others steadily increased their output under the pressure of the war demand.

The end of the war cut the abnormal demands for certain products to a fraction of their war-time volume and terminated the demands for other products entirely. Loss of markets caused thousands of concerns to discharge part of their workmen. Machinery had in many cases to be rebuilt and orders for different products obtained before production could be resumed. No governmental regulations of the process of shifting from a war basis to a peace basis could do more than mitigate the hardships of the change. Shipbuilding (on its war-time scale) became as unnecessary in a world at peace as it was necessary in a world at war. Aëroplane, munition, and other sorts of war manufacturing had to stop or be cut to a mere fraction of war-time output. Laborers had to shift both to other industries and to other localities,[1] while more than a million discharged soldiers were thrown upon the employment market during the four months when employment was most slack, December, 1918, to March, 1919.

2. FLUCTUATIONS OF LABOR DEMAND DUE TO CHANGES WITHIN INDUSTRY

On the whole, the period from 1900 to 1918 was a period of industrial expansion. During the whole period, both in peace and in war, some industries and establishments failed to participate in the general prosperity. Social forces in some cases, individual failure in other cases, were forcing concerns into bankruptcy or decline.[1]

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[1] The metropolitan dailies and many of the papers in the smaller cities abound with evidence of the labor disturbance immediately after the termination of the war. The *Chicago Tribune*, particularly in December, 1918, and January, 1919, is rich in concrete facts, while the Madison, Wisconsin, *State Journal* gives typical descriptions of conditions in the smaller cities during the same period. The January, 1919, numbers of the United States Employment Service *Bulletin* give a more comprehensive idea of the unemployment situation in the country.

Changes in social customs produce many of the vicissitudes of business. The bicycle created in a decade a new industry which the automobile nearly wiped out in the next decade, and no one can foretell what changes in social habits and in the demands for labor will follow the perfection of air travel. The New York Commission on Unemployment[2] discovered a rapid decline in saddlery and harness making due to the automobile; a decline in lumber- and brick-producing industries since steel and concrete have become popular building materials, and a decline in suspender manufactures since "the college students have declared against wearing suspenders" and resorted to the belt. The soft-collared shirt has sharply reduced the demand for linen collars. The increasing favor enjoyed by ready made clothes has already effected profound changes in the clothing industries. All of the cheaper lines of goods are rapidly passing into the control of the factory industry, and the custom shops are being more and more restricted to high-class, exclusive products. So severe is the competition, that small custom shops are finding it impossible to exist.[3]

Changes in the proportion of capital and labor used constitute another factor modifying the demand for labor. The census reveals case after case in all parts of the country where an increase in the value of machinery, tools, and implements employed in an industry is accompanied by a decrease in the number of wage earners and of the employers' wage bill. For instance, there were nine industries in New York state that increased their capital and decreased their employees between

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[1] Commission on Employers' Liability and Unemployment of the State of New York, 1911, Third Report, p. 157. Summaries of 653 employers' replies to questions of the Commission give interesting data on the causes of fluctuation in labor demand. Two hundred and forty-five attributed it to increase or decrease of orders; 168 to seasons; 69 to busy or dull times in the trade; 34 to new work; 33 to inventory and repairs; 30 to the weather; 7 to overproduction; 9 to lack of help; 13 to changes in the business; 16 to employees' personal reasons or strikes; and 15 to other causes.

[2] *Ibid.*, p. 45.

[3] United States Bureau of Labor Statistics, *Bulletin 193*, p. 25.

1900 and 1905,[1] and ten that increased their capital and decreased their labor force between 1890 and 1900. Men's furnishing goods increased their capital 17 per cent and decreased their labor force 23 per cent; while the glove and mitten industry increased their capital 17 per cent and decreased their labor force 43 per cent. The substitution of machinery for labor during the Civil War, both in manufactures and in agriculture, changed the type of American production. During the World War of 1914–18 this process was again stimulated by the shortage and high cost of labor, but it is a process that is in progress to a greater or less extent at all times.

Sometimes the new machines and processes change the type of labor employed rather than the quantity. Skilled mechanics are displaced by laborers, men by women, adults by children. In the metal-working establishments the various stamping, pressing, and cutting machines have made skill unnecessary in a large fraction of the operations. In the textile mills, the machinery has opened many occupations to children which were the work of mechanics in earlier times.

In other cases the work is transferred from one occupation to another, as when "stationary engineers are thrown out of work by the substitution of electricity for steam; carpenters and other wood workers suffer as wood is replaced by fireproof material"; and teamsters are replaced by chauffeurs. One class of labor is displaced and must seek a new occupation, while another class has an increased opportunity of employment. An increase in the total number of persons employed does not mean, therefore, that no labor has been eliminated from an industry.

Fortunately, not all terminations of industries or occupations throw men into idleness. It sometimes becomes apparent to the workmen in a certain industry that it is in a decline. In other cases they foresee that a certain occupation will become obsolete by the substitution of machinery for skill, or a change in the kind of goods demanded by consumers. New workmen are discouraged from entering, and forehanded employees begin to seek new avenues of employment. To illustrate with one case out of many. When the author was a boy his father, a mechanic, predicted, years before the invention appeared on the market, that sooner or later the stove factories of Detroit, Michigan, would succeed in perfecting a machine to do their metal polishing. Such far-sighted men direct apprentices into growing rather than declining trades. But the surplus of labor ordinarily available enables employers to keep their places filled, even when such changes impend, and workmen almost inevitably suffer unemployment in these forward steps of industry.

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[1] Bureau of the Census, *Bulletin 59*, Table 2. (Cited in Third Report, New York Commission on Employers' Liability and Unemployment, pp. 46, 47.)

Business failures are a third important cause of labor displacement. Thousands of concerns go into bankruptcy, or pay their debts and close their doors, each year. In bad years the number increases, but every year witnesses a multitude of failures throughout the country.

Reorganizations have a similar effect. Plants bought up by competitors are frequently dismantled or closed down and their orders transferred to other plants. The changes now proceeding so rapidly, whereby corporations are assuming control of a larger and larger fraction of our business activities, inevitably cause many such displacements of workmen, some of whom have been long with their employers. Three striking illustrations that came under the writer's personal observation may be instanced: A boy started work for a railroad as office boy. In seventeen years he had become chief auditor. The road was absorbed by another road, and its entire auditing department then became unnecessary. The auditor was discharged. After a long search for suitable employment he obtained a position at exactly half the salary he had been earning. A very intelligent boy entered the freight office of a railway. In twenty-five years he became head of the freight soliciting department in an important area. His salary was $4200 a year. The government's reorganization of the road during the war left him out of employment. A shoe cutter was twenty-seven years with a certain factory. It was the only occupation he had ever worked at. The plant was purchased by a competitor and he was displaced at sixty-one years of age. His friends found employment for him in a department store as freight operator at $1.50 per day.

Reorganizations within establishments in the interest of economy and efficiency frequently work the same results. Superfluous workers are eliminated and jobs consolidated whenever the employer sees it is possible to reduce costs. This is sound business policy, but it is a persistent cause of labor displacement, and creates a serious responsibility for the nation. The worker should not have to bear the cost of progress. Every case of this kind arouses bitter criticisms of our social order.

Local changes in the demand for labor are often produced by industries moving from one locality to another.

Each year many concerns move to other towns or cities to take advantage of better markets, easier access to raw materials, better railway facilities or other business advantages. The New York Commission on Employment showed[1] that eight of the sixteen cities containing three fourths of the manufacturing industries of New York had fewer employees in 1900 than in 1890, in spite of the fact that the manufactures of the state increased 12.9 per cent in the decade. The census reveals similar facts for most of the states of the country. Such figures as are available for the period of the war show a rapid growth of population and a remarkable increase in manufactures in some of the eastern states and cities which were favored with a large percentage of the war munition orders, and a decrease in population in other localities. The workers follow the orders. The reports of the Ohio Industrial Commission show approximately the same number of employees in Ohio factories at the end of 1913 and of 1914, with a slump in the total volume of employment from June to December; but in 1915, when Ohio began to work on European war orders, the number of employees increased every month in the year, and December, 1915, found

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[1] Third Report of New York Commission on Employers' Liability and Unemployment, p. 47.

Ohio with 154,918 more employees than on January 1, 1915, in the 17,981 establishments which reported.[1]

The New York Department of Labor reports that the number of wage earners in New York factories increased 27 per cent from January, 1914, to September, 1918, but it fell off nearly 10 per cent after the armistice.[2]

When new contract jobs are started, new demands for labor are created in one locality which draw workers from other localities, while their termination or temporary stoppages throw hundreds or thousands out of work — generally without warning. Workmen are hired in large numbers to construct a drain, bridge, building, or dam — during the war, cantonments, shipyards, and arsenals — and dropped when the job is finished.

> "When the construction of the New York subways was completed thousands of men were suddenly thrown into idleness and . . . for months . . . the Salvation Army, the Bowery Mission, and the Municipal Lodging House were overrun with men who were thrown into distress because they could not find work."[3]

The government's recognition of its duty to redistribute the labor mobilized for war construction is almost the first instance in our history of any sense of responsibility on the part of society for the welfare of workers who have been mobilized to put through society's undertakings.

3. Fluctuation of Industrial Prosperity

The fluctuations of labor demand considered thus far have been due to conditions which obtain in all years, prosperous or dull. These fluctuations are less important than those due to

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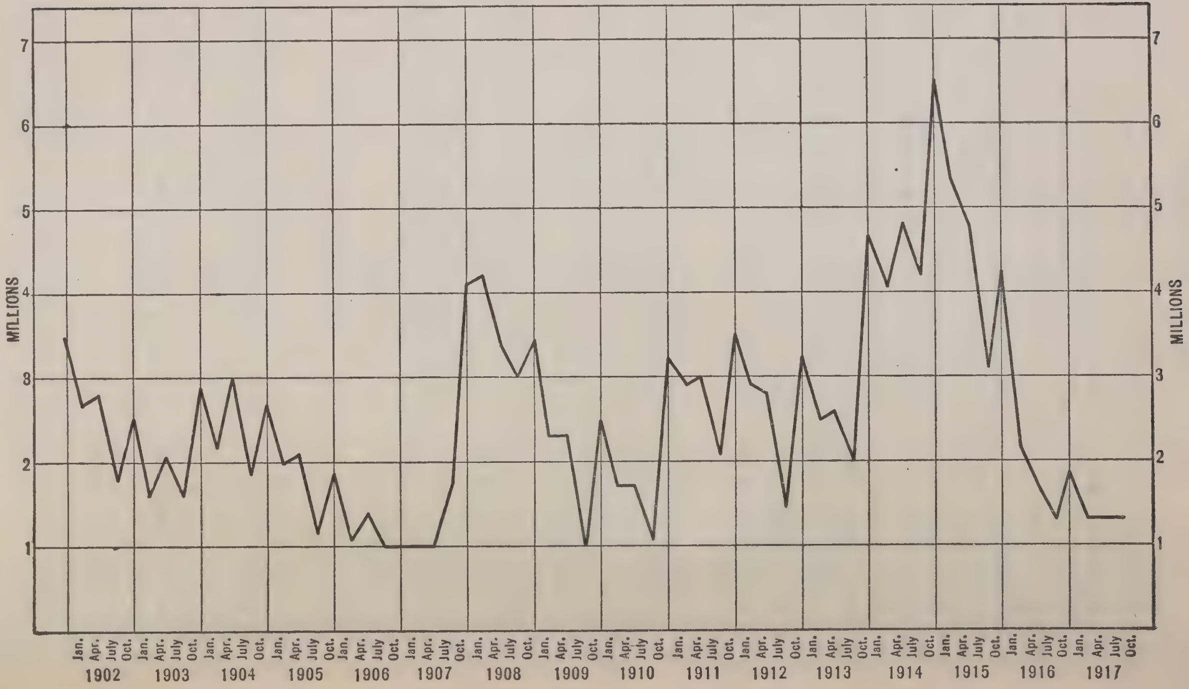
[1] Rates of Wages, Hours of Labor and Fluctuations of Employment in Ohio in 1914, *Bulletin* of The Industrial Commission of Ohio, September 15, 1915, p. 29; and of December 15, 1916, p. 31.

[2] The Labor Market *Bulletin*, September, 1918; February, 1919. Each number of the bulletin gives current data on the subject.

[3] New York Commission on Employers' Liability and Unemployment, Third Report, p. 48. This is one of the best American reports on the subject of employment.

Chart I.—Fluctuation in Number of Persons Unemployed, 1902–1917



changes in general business conditions. It is not our purpose at this time to consider the widespread effects of booms, panics, or depressions, but rather the fluctuations in business in ordinary or normal years. If we never had panics or depressions, it would nevertheless be true that some years would be busier than others because of a multitude of different forces which affect human life and its economic activities. Good crops, or crop prospects, the opening up of new mining fields, increased foreign demands, the optimistic predictions of leading business men, and many other social or natural forces encourage business activity during some years; while bad crops, the loss of markets, ill-advised legislation, impending political changes, and other influences retard industrial activity in other years. Mr. Hornell Hart's careful study of the employment situation in the United States from 1902 to 1917 shows that while our industrial population increased in numbers from approximately 19,500,000 workmen in 1902 to about 30,200,000 in 1917,[1] industry's demand for labor from year to year did not maintain any equivalence to the rate of growth of the industrial population. In 1902 there was an average of 2,750,000 workers out of employment at all times during the year. In 1903, 1906, 1907, 1910, and 1917 the annual average fell below two millions. During the depression of 1908 it was three and a half millions, and in that of 1914–15 it was four and a half millions. Throughout the sixteen years the unemployed constituted, on the average, 9.9 per cent of the labor force; but this percentage reached 14.1 per cent in 1902, 14.8 per cent in 1908, 15.8 per cent in 1915, and 16 per cent in 1916. On the other hand it fell to 5.5 per cent in 1906 and 6 per cent in 1916, and 4.7 per cent in 1917. The other years saw fluctuations between these extremes. The supply of labor increased steadily year by year,[2] but the demand for labor fluctuated from year to year, and from month to month within the year. In 1903, 1906, 1907, 1910, and 1917 the demand for labor was strong; in 1908, 1914, and 1915, it was very dull. In the other nine years it averages fairly uniform, with something over 2,000,000 out of work at all times.[1]

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[1] "Fluctuations in Unemployment in Cities of the United States, 1902 to 1917." Hornell Hart, Vol. I, No. 2, of Helen S. Trounstine Foundation, Cincinnati, Ohio, p. 49, Table 2.

[2] *Op. cit.*, p. 49. Mr. Hart estimates that the number of non-agricultural workers

A report of the New York Department of Labor [2] shows a continuous variation in the amount of work available from 1904 to 1916 in New York state. In no two years of the period is either the maximum or the minimum number of persons employed equal; in no two years is the total volume of employment open to wage earners equal. Each year is different from each other year in the amount of employment it offers to workmen. In 1904 there was less work than in 1905, 1906, or 1907; more than in 1908, 1909, 1910, and the early part of 1911; less than there was in 1912; more than there was in 1913, 1914, or 1915. The Labor Market Bulletin of the New York State Department of Labor shows a similar fluctuation since 1916, but with a relative steady increase in the total volume of employment during the war period.

4. Seasonal Fluctuations

Within each year, busy or dull, there is a pronounced *seasonal fluctuation of employment.*[3] Spring, summer, autumn, and win-

in the United States increased from nineteen and a half millions in 1902 to a little over thirty million in 1917. The annual totals were:

1902 . . .	19.5 millions	1910 . . .	25.6 millions
1903 . . .	20.2 millions	1911 . . .	26.1 millions
1904 . . .	20.9 millions	1912 . . .	26.8 millions
1905 . . .	21.6 millions	1913 . . .	28.0 millions
1906 . . .	22.3 millions	1914 . . .	28.6 millions
1907 . . .	23.4 millions	1915 . . .	29.0 millions
1908 . . .	23.9 millions	1916 . . .	29.5 millions
1909 . . .	24.6 millions	1917 . . .	30.2 millions

The apparent discrepancy between Mr. Hart's figures for 1908 and those of Professor Fairchild (see page 5) is due to the fact that Mr. Hart's figures refer to the year as ending on June 30, and Professor Fairchild's as ending on December 30.

[1] *Op. cit.*, p. 48.

[2] *Special Bulletin No. 85*, New York State Department of Labor, July, 1917, on p. 25. The figures in this bulletin can be brought down to date at any time by the reader by consulting the *Labor Market Bulletin* published monthly by the New York Department of Labor; recently renamed "The New York Industrial Commission."

[3] "We come now . . . to the 'seasonal fluctuations' of business, which prevail,

ter each produce special commodity demands. In the spring the consumer begins to think of summer clothes, spring vegetables, outdoor recreations, screened porches, and a host of other spring necessities. In the summer ice cream, tennis shoes, golf clubs, light clothing, travel, and other summer commodities are in vogue. In the autumn preparation for winter causes a shift of demand to other types or qualities of goods, and winter sees money spent for commodities, pleasures, and services that are radically different from those purchased in summer months. This shifting of demand as the seasons change causes alternating busy and dull seasons in various industries. In addition, the weather directly compels some industries to be seasonal. Crops must be raised and railways constructed in northern states in the summer months; lumbering, in states like Michigan, Wisconsin, Minnesota, or Maine, naturally belongs to the winter. Much construction work can be done more cheaply in mild weather, while the ice harvest cannot call for men at the same time that the corn harvest does.

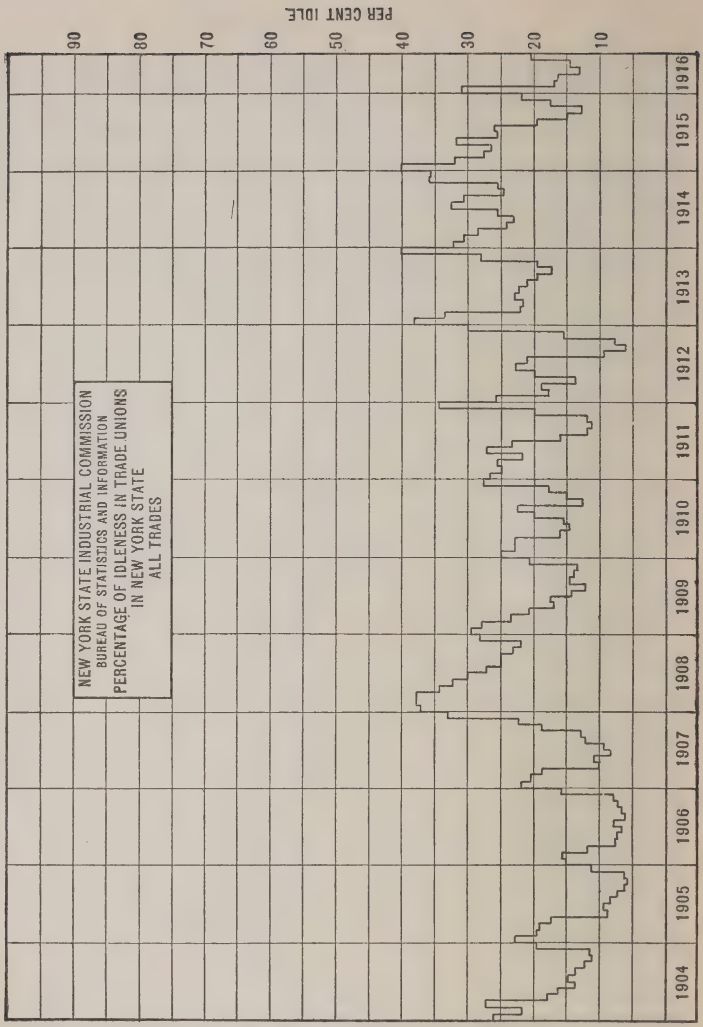
These seasonal fluctuations are of many types. Consequently, *the seasonal variation of the labor demand is a complicated phenomenon.* Different industries are unlike, both in the degree of their response to the change of seasons and the time when they are affected. Some are highly seasonal, some moderately, some not at all. Some are busy in winter; some in spring and autumn; some in the summer. Both the severity of the fluctuations and the actual months when they occur in each industry depend in part upon the nature of its products, in part upon social customs and in part upon the conditions essential to productivity in that industry. A summer resort

to some extent, in almost all trades, whilst in some they amount to devastating tidal waves. . . . To hundreds of thousands of workmen's homes they mean, at present, the cessation of employment and of means of subsistence for many weeks, and sometimes months, in every year." — Webb, "Prevention of Destitution," p. 124.

Cf. the following citations for further important data on this subject:

"Unemployment, A Problem of Industry," W. H. Beveridge, Chap. III; "Seasonal Trades," Sidney Webb, ed.; "Unemployment in Lancashire," Chapman and Hallsworth, Chap. VIII; "Unemployment, A Social Study," Rowntree and Lasker, Chap. IV; Commission on Employers' Liability and Unemployment of the State of New York, 1911, Third Report, Appendices I, IX.

CHART II. — FLUCTUATION OF EMPLOYMENT, NEW YORK STATE



This curve shows the fluctuations of employment experienced by the members of trade unions in New York state from January 1, 1904, to June 30, 1916. The differences in the amount of employment available in different years is strikingly shown by the contrast between the low percentage of idle shown by the curve for 1904 to 1907, and again from 1909 through the summer of 1912, and the large amount of idleness in 1907–08; the winter of 1912–13, and 1914 and the spring of 1915. The curve also shows very clearly, year by year, the larger amount of unemployment that obtains in the winter months. The returns from the building trades, of course, contribute heavily to this feature of the curve.

The curve was prepared by the Statistical Bureau of the New York Industrial Commission, who kindly loaned it to the author.

cannot operate in the winter, for summer recreation cannot be manufactured in advance and stored until sold. An electric light plant must be busiest in winter. Electric light must be produced at the time of sale. Retail millinery establishments must be busiest just before Easter and in the early autumn. Social customs originating in the changes of the seasons decree that women shall go forth at those times in quest of hats. The manufacture of holiday goods naturally tends to concentrate in the fall, while the holiday rush of department stores inevitably comes just before Christmas. Human nature and the limitations of domestic incomes preclude holiday purchases very far in advance of their use. Wheat, though durable and sold throughout the entire year, must be produced in the summer.

In some industries none of these factors actually compel the busy season to fall in certain months, but the general situation makes it almost inevitable. Lumbering is carried on in the winter months in the northern states for a number of reasons. It is easier and cheaper to haul logs over snow and ice than over soft ground. The melting snows and spring rains furnish water to carry logs down to the mill in the spring, but the low water of the summer makes it impossible to move logs except by rail. There is a larger supply of labor available for the woods in winter. Tens of thousands of men who work on railways, on various contracting jobs, and farms are out of work in the winter. Labor is also cheaper in the winter. The lumberman hires in a labor market heavily stocked with idle men. Labor is more contented in the woods in the winter. Flies and mosquitoes make the summer woodsman's life a burden, while the crowded bunk house is not so attractive on an August night as when the temperature is ten below zero. Custom also plays its part. In earlier times, when the United States was predominantly agricultural, the lumberman had to depend upon farmers for labor, and they were free only in the winter. He also had to depend upon snow to haul his logs out of the woods and on streams to carry them down to the mill. The development of our migratory labor class has lessened his dependence on the farmer, and the railroad has given him another means of transportation, but there can be little doubt that the lumberman still has sound reasons for depending on the winter months for the main part of his logging operations.

Beet sugar manufacturing has an even shorter year than logging. The Federal Trade Commission shows in its 1917 report[1] that the longest period which any beet sugar factory in the United States operated in any one year from 1909 through 1914 was 159 days. The Mt. Clemens, Michigan, factory set this record in 1911–12, but it has never run more than 108 days in any other year. The Michigan factories had an unusually good year in 1911–12, when they had an average run of 123 days, and the Utah factories in 1909–10, when they operated, on the average, 127 days. As a usual thing beet sugar factories run from 65 to 100 days a year, though some run less than that minimum and others more than that maximum, depending upon the success of the beet crop in the particular locality. The report accounts for the short season in the following words:

> "Sugar beets, as already stated, cannot be kept a very long time without deterioration. They will keep in a frozen state, but they must be worked before they thaw. The harvest begins in the late summer or early fall, and they must therefore be worked before the first warm days of spring. For this reason, the operating period of a factory is comparatively short, and the plants usually lie idle for at least two thirds of the year, and often longer. . . . When the plant ceases to operate the organization of employees is broken up, and most of the employees are discharged."[2]

Many other industries are characterized by this single busy season followed by complete idleness. Tile ditching and dredging can be done only in unfrozen ground. Oyster and salmon canneries, as well as the pea, corn, tomato, and other summer vegetable canneries of the northern states, all work "short years." The vegetable canners open in June and close in September or October. During the winter their force is reduced to their sales, office, and shipping organization. Even this work is often largely turned over to selling associations. The season of the oyster canners opens in September and closes for the year in April.

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[1] Federal Trade Commission, *Report on the Beet Sugar Industry in the United States*, 1917, Table 1, pp. 3–5.

[2] Federal Trade Commission, *Report on the Beet Sugar Industry in the United States*, May 24, 1917, pp. 2–3.

Another important type of seasonal trade has two busy seasons and two dull seasons, instead of a short operating year. The garment trades are one of the most important of this type. They are highly seasonal. In the dress and waist industry,

> "there are about six months of activity, four in the spring and two in the fall; half of them carried on under extreme, almost feverish pressure, followed by an equal period of sub-normal activity with almost complete stagnation for one month in the year. . . . There is a tendency to retain as many employees engaged during the busy season as possible and to keep all of them partly employed during the slow season."[1]

The number of workers in *custom* dressmaking shops in the United States in 1900 varied from 39,593 in the January dull season to approximately 57,000 in April and May; then dropped off from month to month to a minimum of 23,615 in August, and again reached 54,962 in November, the height of the autumn season.[2] There were 18,000 fewer persons employed in January than in May; and 31,000 fewer employed in August than in November. The 1910 census shows that in January, 1909, there were 147,000 workers in women's clothing factories.[3] Thirteen thousand were added in February, and 6000 more in March. Then the summer slump began. Eight thousand were discharged in April, 12,000 in May; 8000 in June, and 3000 more in July. Business now began to pick up. The number of employees increased 13,000 in August, 15,000 in September, and 4000 in October. Then the winter slump began. Five thousand were let out in November, and 9000 in December.

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[1] United States Bureau of Labor, *Bulletin No. 146*, p. 18.

[2] *Ibid.*

[3] United States Census, 1910, Vol. VIII, p. 292.

Some of the causes of these sharp seasonal fluctations in the volume of employment are interestingly presented in a federal report on the industry.[1]

"The social life of a community largely determines the dressmaker's season. The tendency of the wealthy class to live in the city only about six months in the year and to spend an ever increasing length of time in the country, causes social festivities to concentrate within the months of November to January. Upon return from the country in the fall, the feminine element deluges the dressmakers with orders for new gowns which must be completed within these few months. Again in the spring, the first warm day, June weddings, college commencements, preparation for a trip abroad or for a sojourn in the country, all bring in a rush of orders from March to June. But a beautiful autumn may tempt people to stay in the country later than usual thereby affecting the welfare of thousands of workers, for they are not employed until there is work for them to do.

"The earlier exodus to summer resorts brings an earlier end to the spring 'busy season' and the later return to the city in the fall a later opening of the shops for the winter season. The increasing exodus to the South in midwinter, on the other hand, has lengthened the winter season in Boston. 'The winter season formerly was on the decline by Thanksgiving,' said a dressmaker of long experience; 'now it lasts through December and in some shops well through January. Customers must have new clothes suitable to the southern climate, and their orders help fill in the slack season.'

"The frequent and abrupt changes in style decreed by Parisian fashion leaders may greatly affect the seasons of individual workers. The vogue of 'princess' and whole dresses meant 'out of work' earlier for the specialized skirt workers, who make no claim to work on waists with artistic lines. The 'kimono sleeves' meant small need of specialized sleeve makers, for the waist girl made the sleeves with the waist. The dainty chiffons left small opportunity for the plain finisher, as the delicate, perishable materials must be handled with deft and skilled hands. The increased use of embroidery trimmings offered occupation to the foreign girls and women who do beautiful handwork, some of them working in their own homes.

"Dependence on Parisian fashion with its consequent congestion of the working season is largely due to the customer. The ultrafashionable dressmaker whose customers insist on the latest Parisian whims must wait for the new models.

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[1] "Dressmaking as a Trade for Women in Massachusetts," ***Bulletin*** *No. 193* of the United States Bureau of Labor Statistics, pp. 83–85.

"They (the fashionable dressmakers) must go to Europe once or twice a year, and the workrooms frequently are idle until their return. Social festivities then come with a rush, and the workrooms are suddenly transformed from barren, deserted rooms to crowded, busy workshops and hundreds of orders are rushed through at high speed. The work is soon turned out and the workers are rapidly laid off. The less 'exclusive' shops depend on importers, who bring the models from Paris to New York, while the still more modest dressmakers depend on fashion books and shop windows for the new styles. The dressmaker who caters to the middle and lower classes is much less bound by Parisian decrees, and as a result has a longer and more regular season. The small dressmaker who is clever and has good taste and inventive genius makes her own 'Paris models' in the dull season, or persuades her customers that there is to be little change in the styles of evening gowns, and since they do not desire the latest freaks of fashion, she is not delayed by waiting for Parisian mandates.

"The working, or 'busy seasons' vary for different localities, different shops, and different years, but on the whole the orders for summer work tend to come in from March to June and for the winter work from September to December. The two seasons, spring and fall, characterize the dressmaking trade. The working force is gradually taken on through March and reaches its maximum in April and May. During the five months, April to August, which mark the heights and depths of the dressmaking season, the maximum number employed during the year has been gathered into the folds of the trade and scattered again to the four winds. While there is a precipitous drop in the number employed in June, July, and August, an equally rapid rise occurs in September and October, when the workers are again assembled for the winter's work, and the season reaches its height in November. However, the decline in January and February is never so great as in summer, as the majority of shops resort to various makeshifts to hold their best workers for the coming spring season."

In the paper-box industry the actual months when a particular plant is busy or dull is determined by the particular trade to which it caters. A factory which produces candy boxes will have a different season from one which specializes on gun cartridge or hosiery boxes. But "wherever data could be obtained," says the New York Factory Investigating Commission,

> "from Massachusetts to California, from Maryland to Oregon, and in the great industrial states of New York, New Jersey, Pennsylvania, Illinois, and Wisconsin; a like alternation of rush seasons in the spring and fall, with slack in the winter and summer was found. For instance, in Philadelphia, an investigation of five firms in 1913 disclosed the fact that after Christmas they made wholesale dismissals to the extent of 24.3 per cent of their force. In New York City last year the Factory Investigating Commission found that the number of employees rose to 6700 just before Christmas, and fell to 6100 directly after that time." [1]

The tendency to marked seasonal fluctuations is characteristic of a wide range of industries, but not all of them have as distinct spring and autumn seasons as those just referred to. The flour mills are least busy in June and most busy in November. In 1909, a normal year, there were about 5000 more men at work in the autumn than in the summer.[2] Foundries and machine shops started the year 1909 with a force of 482,080 men. January to April is their dull season. Then the number of employees steadily increased up to a maximum of 597,234 in December. There were only 80 per cent as many men at work in January as in December. The hosiery and knit goods industry averaged about 175,000 employees from January to August, but only 130,000 from September to December. Boot and shoe factories employed 5000 more workers from August to March than from April to July. The rubber shoe industry had its dull period earlier, from January to April. Carriage making was busy until June and then declined the balance of the year. Car building fell to its minimum in May with 268,700 employees and reached its maximum in December with 301,000. It was dull all through April and May. In men's clothing the change from busy to dull seasons is violent: December is the busiest month; January the most slack.

Interesting contrasts between industries are found in a recent

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[1] New York Factory Investigating Commission, *Fourth Report*, Vol II, p. 529.

[2] United States Census, 1910, Vol. VIII, p. 283.

New York Industrial Commission bulletin.[1] They reveal, year after year, a regularly recurring decrease in the volume of employment in the metal trades, clothing industries, printing, woodworking, transportation, and building trades during the winter months, and just as regularly recurring periods of idleness in the summer months, but an almost unvarying volume of employment for stationary engineers and firemen throughout the year.

The accompanying Charts III, IV, and V, selected from those published by the Industrial Commission in its Bulletin No. 85, demonstrate in a striking manner the contrasts between different industries in seasonableness. Chart III, on the building trades, shows a large volume of unemployment of builders each winter; Chart IV shows that musicians and theatrical employees have their dull period in the summer and are busy in the winter; while Chart V furnishes an illustration of a non-seasonal occupation, the operation of stationary engines.

The fact that June, 1914, to December, 1916, was a period when factories in New York state were increasing their labor force and the total volume of their business does not prevent the seasonal fluctuations from occurring in those as in other years.

One of the most important motives causing employers to concentrate production in rush periods is the desire to keep down interest charges and use the smallest possible amount of "going capital." If the employer can defer production until shortly before the time of sale, he does not have the sums he advances for raw materials, wages, and other current expenses tied up very long before he begins to receive payment for his product. He keeps down his interest charges. He often also decreases his insurance and handling costs.

The unwillingness of customers to order until the last moment is another influence that increases seasonal fluctuation of labor demand. The producer has to regulate his production by his orders. Marketing conditions and methods are here the determining influence.

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[1] "Course of Employment in New York State from 1904 to 1916," *Bulletin No. 85*, July, 1917, New York Industrial Commission, pp. 13–36.

Chart III.—Fluctuation of Employment. Building Trades

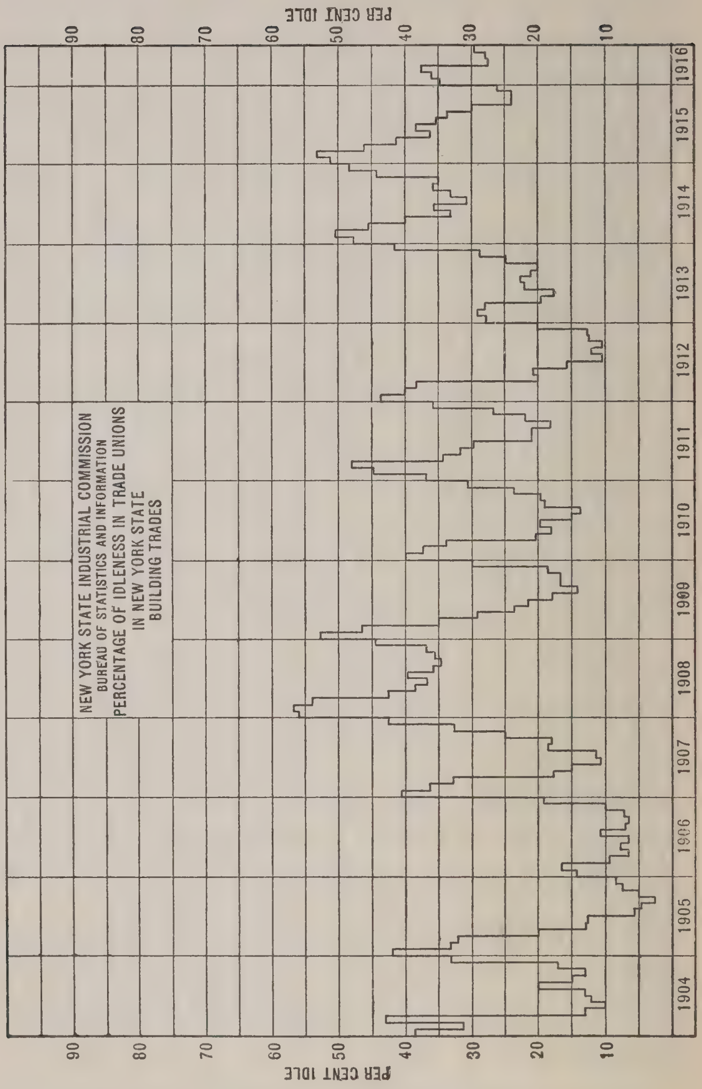


Chart IV. — Fluctuation of Employment. Theatrical Trades

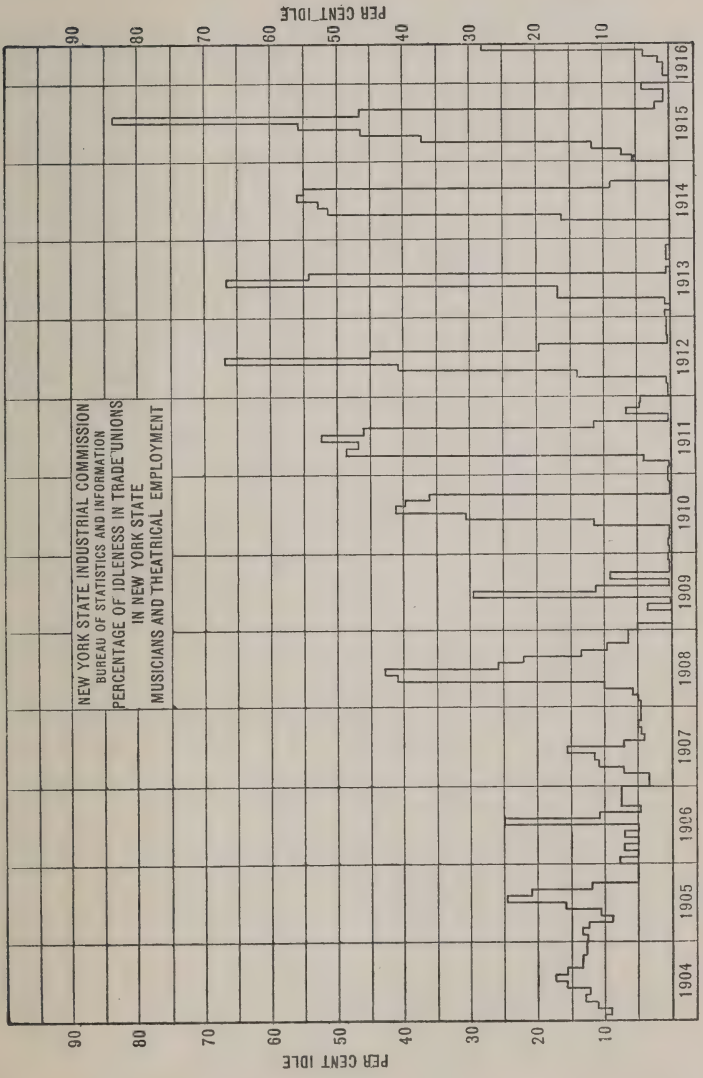
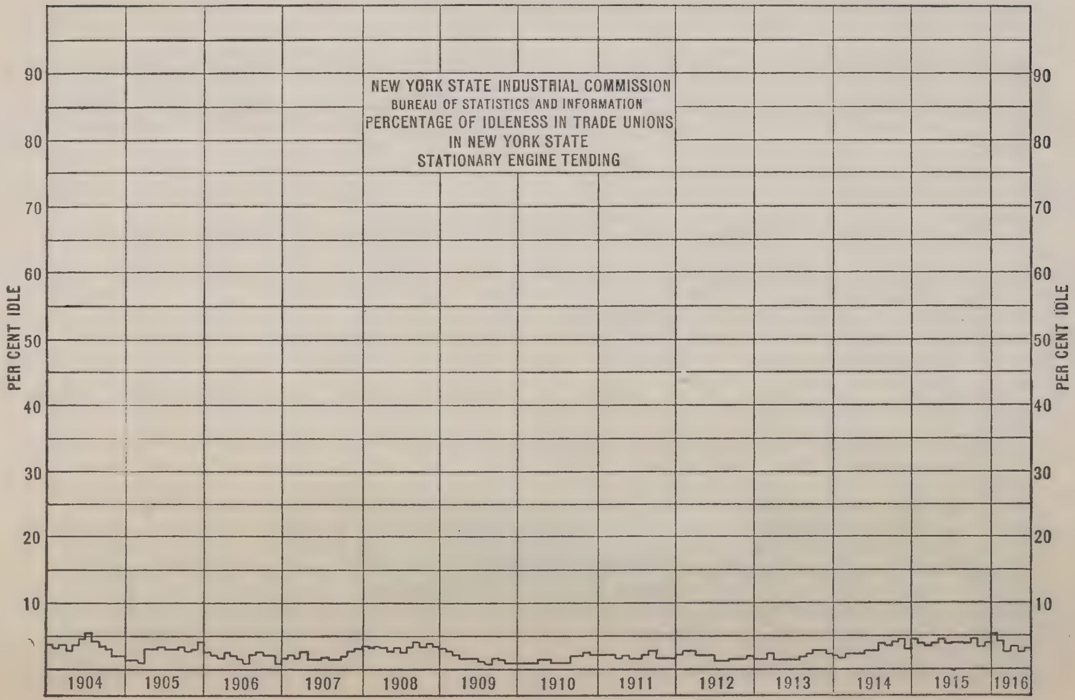


CHART V.—FLUCTUATION OF EMPLOYMENT. STATIONARY ENGINEERS



The *interrelation of industries* has an important influence on their seasons. Farming has a busy season in the spring, followed by a dull period before hay cutting, and then an increasingly busy period during the harvest, threshing, and marketing periods. It gives the railways a rush of business in the autumn when the crops must be moved to market, while factories which work up agricultural products become busy after the crops are brought to the cities. The busy season of beet sugar factories, canneries, tobacco warehouses, food product factories, elevators, jobbers, and many others is determined by their relations to the agricultural industry. Similarly, sawmills are busy in summer, when well-filled mill ponds furnish plentiful water power, the logs cut the preceding winter afford raw material, and laborers who come out of the woods provide a labor force. Ore and coal docks can operate only during the navigation season, when the boats are moving the product.

The same industry frequently varies much in its seasonal character in different localities and different plants. These variations are due either to peculiarities of the market in which they sell, the quality of their product, or the number of different products they make. *Peculiarities of market* may cause a given type of establishment in one locality to show little resemblance, from an employment point of view, to the same type of establishments in other localities. For instance, a laundry located in Milwaukee, Chicago, or Boston[1] may run throughout the year with little seasonal variation. It may be particularly busy on certain days of the week; or during certain weeks, as just before Easter, or in the autumn when winter clothes are being put in shape for use, but is ordinarily able to absorb its rush business by speeding up, overtime, and possibly a small amount of extra help. But a laundry located in Petoskey or Charlevoix, Michigan, where a local wag said they live "on fish in the winter and tourists in the summer" and where the population increases three, four, or five hundred per cent during the summer resort season, must be a highly seasonal industry, with a larger labor force during "the season" than when the "resorters" have departed.[1] Similarly, thousands of hotels have an almost uniform business throughout the year, but many located in summer resort districts close entirely during the winter, while those in winter resorts often close in the summer. A federal commission reports that the manufacture of shirts and overalls is "fairly regular, with very little slack time and almost no overtime" in the Louisiana factories, but that in northern factories there was often a dull time in the summer and a rush in January, February, and March.[2]

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[1] Massachusetts Commission on Minimum Wage Boards, House No. 1697, 1912, p. 62; United States Bureau of Labor Statistics, *Bulletin 122*, "Employment of Women in Power Laundries in Milwaukee," pp. 79–81.

The *type of trade* to which a plant caters often determines the regularity of its demand for labor. If a particular concern is manufacturing tin cans for oyster canneries which are busy from September to April, its busy season will be different from that of a concern producing cans for berry and vegetable canning. A Senate report calls attention to the contrast between two can factories in the same state. The first plant was "very highly seasonal." It made bulky cans which were hard to store in stock and began

> "manufacturing with a full force about the middle of April . . . with . . . about 1200 men, women, and children, who work 60 hours per week regularly, and often put in overtime, if the season is at all fair. This continues until about the end of August, sometimes until about the end of September. Then the force is suddenly reduced to about 100 or 120 employees who stay on through the winter."[3]

The other factory, which produced a general line of goods, had no busy and dull seasons, but occasionally worked overtime to care for rush orders.

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[1] It is interesting to note that while the report on "Employment of Women in Milwaukee Power Laundries" in *Bulletin 122*, United States Bureau of Labor Statistics (p. 79), states that the laundry business is not a seasonal industry, the Report of the Industrial Welfare Commission of the State of Washington, 1914, classifies laundries as well as factories as more seasonal than department stores.

[2] Vol. 18, Report on Women and Child Wage Earners, United States Senate Document No. 645, 61st Congress, 2d Session, 1913, p. 287.

[3] *Ibid.*, p. 57.

Another typical illustration is found in the candy factory. "There is little uniformity among the factories in the length of time which they are closed during the year." [1] Those catering to the holiday trade in cheap candies have two very distinct and short rush seasons, one just before Christmas and the other just before Easter,[2] but the establishments which cater to the high-grade candy trade, such as fine chocolates, work with relative steadiness throughout the year, though they are particularly busy from April to Christmas. The cheap candy trade is far more seasonal than the fine candy trade; the busy seasons are shorter, the help is of a lower industrial type, and wages both by the day and by the year are lower.

Differences between plants in the cracker and biscuit industry are due to *the size of the plants and to selling methods* rather than to differences in products. The large plants, which sell in large lots and take large contracts to be filled during an extended period, are able to maintain a rather uniform labor force throughout the year. But in "the small factories work is often very irregular, depending upon the orders which come in from day to day." [3]

It has sometimes been assumed that all occupations are seasonal and employ more persons at some time in the year than at other times. As a matter of fact, there are many industries which do not experience any marked seasonal fluctuation. Increases and decreases in their labor force are due to changes in the general condition of prosperity, to obtaining or failing to obtain orders, and to other more or less irregular influences. The Senate report on Women and Child Wage Earners [4] reaches the conclusion that cigar, cigarette, and other smoking and chewing tobacco manufactures, jewelry and clock making, corset manufacture, staple hardware, staple hosiery, and knit goods, needle and pin manufactures, rubber and elastic goods, stamped and enamel ware, and the woolen and worsted industry are not distinctly seasonal industries. Some of them have a somewhat busier season at certain periods, particularly just before Christmas, but the fluctuation of business is not often sufficient to affect the number of employees. During their busy seasons they work harder and faster, and if necessary work overtime. An examination of the United States Census figures agrees in showing little fluctuation of employment in many industries. This is particularly the case in some of the smaller manufacturing industries, such as the preparation of dentists' materials, drug grinding, and the manufacture of dyestuffs and flavoring extracts.

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[1] Massachusetts Commission on Minimum Wage Boards, House No. 1697, 1912, pp. 63 f.

[2] *Bulletin* of the United States Bureau of Labor Statistics, on Condition of Woman and Child Wage Earners, Vol. 18, p. 121.

[3] *Ibid.*, Vol. 18, p. 165.

[4] "Employment of Women and Children in Selected Industries," Vol. 18, of Report on Woman and Child Wage Earners in the United States, Senate Document No. 645, 61st Congress, 2d session, pp. 91, 112, 149, 181, 215, 221, 278, 297, 324.

It has also been assumed that the busy seasons of practically all industries come in the spring and fall and their dull seasons in the summer and winter. This is not true, but it seems beyond question that there is more work to be had in the total in the United States during the warm months. Business in general begins to pick up in March. A spring period of activity is followed by a dullness in July and August. In September the fall work begins and more persons are employed during September, October, and early November than at any other time in the year. The latter part of November finds production checked in many industries, but those which cater to a Christmas trade are especially busy.

Hornell Hart shows that from 1902 to 1917 there were, on the average, nearly a million more persons unemployed in January and February than in any of the other months of the year; and, on the average, nearly a half million fewer persons unemployed in October than in any of the other months. His figures do not show much greater activity in the spring than in the summer, and it is probably true that the tendency to a dull period in the summer is becoming less prominent as we change from an agricultural to an industrial nation. On the other hand, the late summer will probably always be a "between seasons" period for many industries, and the growing tendency to allow summer vacations to wage earners will tend to perpetuate the custom of slack production in late June, July, and early August.[1] The winter slump is much more important. From November to February, there are more industries which are slack than are busy, and there is always, in ordinary times, a decrease in employment during the winter months in most sections of the United States. The census on manufactures shows a greater number of persons at work in the spring and autumn than in either the winter or summer, in 1900, 1905, and 1910. The statistics published by the various state employment offices show the same fact.[2]

The volume of employment in the nation is probably not so much less in winter as it appears to be. Thousands of men who are able to subsist on very little work in the summer months without any one noticing their comparative idleness — tramps, loafers, and irregular migratory workers — flock into the cities during the winter to seek a place to keep warm. They cannot sleep around haystacks or in an alley in the winter, and they clamor loudly for "inside work." Most of this type are practically useless when placed. It is hard for them to get work, and when they do they are either discharged or quit their jobs with the greatest frequency. They swell the ranks of the unemployed in our cities during the winter months, and make the winter unemployment seem much more in excess of summer than it really is. Practically speaking, these men are unemployed all the year round. They never work if they can avoid it. But after due allowance is made for them, it is clear that there is less employment available in winter than in summer.[1]

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[1] "Fluctuations in Unemployment in Cities in the United States, 1902–17," Hornell Hart, in "Studies from the Helen S. Trounstine Foundation," Cincinnati, Vol. I, No. 2, p. 48.

[2] The figures of the Minnesota offices show that the average number of placements from April through November in 1912–13 was 5804, while it was only 3182 per month in December, January, February, and March. In 1913–14, the summer average was 5583; the winter average, 2617. In 1916–17, the summer average was 5221 and the winter average 3520; in 1917–18, the summer average was 4886, and the winter average 3135. — *Biennial Reports*, Minnesota Department of Labor and Industries, chapter on "Public Employment Offices."

California's figures for 1916–17 show almost twice as many men per month sent out to work from April to June as were sent out from November to February. — Cf. *Annual Report*, California Public Employment Bureau, 1916–17, p. 14.

Sidney Webb seems to believe that the situation just described for America does not obtain for Britain. He says:

> "Stating it definitely, I venture to say that if we could get accurate statistics of the total number of wage-earners actually in employment in the United Kingdom this week we should find it to be very nearly identical with the total number for any other week of the present year. This is almost certainly true with regard to the great mass of unskilled and only slightly specialized labour, which makes up more than half of the whole.
>
> "An economic explanation can be given for this hypothetical paradox. In a highly-evolved industrial community, with occupations of the most multifarious kinds, the 'product' of industry comes to market uninterruptedly throughout the whole year. There is, in such a community, no special month of harvest. Translated into practical life, we may say that nearly all of us get our incomes week by week, or quarter by quarter, fairly evenly, throughout the year; and we nearly all of us spend out incomes as we get them. It is true that we do not spend them each week in the same way. But week by week we are all using or consuming much the same amount in the aggregate, giving, in the aggregate, the same number of orders, to the same total amount; and, therefore, indirectly setting to work, in the aggregate, the same amount of labour.
>
> "From this hypothesis there seems to flow the momentous conclusion that the seasonal alternations of over-pressure and slackness to which so many workers are subjected, with such evil results, are due only to failures of adjustment. There is no more 'inevitability' about them than about the rattling of a motor-car. They mean only that our statesmen have not yet given themselves the trouble to make the social adjustments, and to employ the various devices, by which these calamitous dislocations of the lives of so many hundreds of thousands of households can be prevented." [2]
>
> "So long as we confine our attention to any one trade, the seasonal fluctuations in the demand for labour seem to be not only inevitable, but also without effective remedy. But it is one of the discoveries of the Poor Law Commission that there is practically no seasonal

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[1] Compare Chart II.

[2] "Seasonal Trades," Sidney Webb, Preface, p. viii.

fluctuation in the demand for labour *in the community as a whole.* Though there is a slack season in nearly all trades, this occurs at different parts of the year. There is, as the Board of Trade, from accurate statistics of the past decade, is able positively to testify, no month in the year in which some great industry is not at its very slackest, and equally no month in the year in which some great industry is not at its very busiest."[1]

There is unquestionably a fundamental difference between the industries of England and those of America. We have a much larger number of persons engaged in outdoor, extractive industries. In other words, we have more people producing raw materials, while England is principally engaged in working up raw materials into finished products, and in trade and commerce. Our agriculture, particularly in our grain and meat areas, is a highly seasonal industry employing a multitude of people in the summer months and particularly in the autumn, for whom there is no work in the winter. Our extensive railway construction and repair work, and construction work in general, is regularly checked by the severity of our northern winters, while our manufactures are so closely related to our extractive industries that many of them have at least acquired a habit of reducing their production during the winter.

5. Irregular Fluctuations in the Demand for Labor

There are a number of types of *irregular* employment fluctuations *within* the busy and dull seasons. They are produced by a variety of causes. In some cases their causes do not seem to be within the employer's control, in others they can be traced directly to his policies of management.

Oyster canning furnishes a striking case of the first type. We have already shown that the oyster industry is highly seasonal. It is not only seasonal, but also irregular. The irregularity is due to the facts that the actual catch of oysters is extremely variable, and that the oyster is highly perishable in warm weather. The canning must depend upon the catching, which in turn depends upon the weather and other factors.

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[1] "Prevention of Destitution," Sidney Webb, p. 124.

A few days of storm will bring all of the canneries to a dead stop, while in good weather, when the boats are coming in with large loads, work may begin as early as four in the morning and last twelve or thirteen hours. If the canner sends out his own boats, he is dependent only on the regularity of the catch; but if he buys from fishermen, he frequently finds them holding their oysters for higher prices. Sometimes he closes down until they reduce their prices. Oyster canning is so irregular, for the shuckers especially, that they "are often at work for an hour, idle half an hour, and then at work again; or they may have two, three, or four hours of steady work and then be idle the rest of the day."[1] Throughout the season, therefore, the number of days or hours worked is in constant variation.

Much irregular employment results from *employers' efforts to keep down their production costs* and thereby increase their profits. In some cases they attract more labor to their locality than they can ever employ at one time, and keep many more persons on their pay roll than they can ever use at one time, even in a rush period, because the presence of a large labor surplus keeps down wages, prevents unionism, and insures them plenty of help when they have a rush of work. The friction between labor and capital on the Pacific coast has been made particularly bitter by the workers' conviction that their employers are trying to attract surplus labor to the coast in order to break up the unions, and then force down wages. In other cases, as we have already pointed out, employers economize in interest, insurance, and other costs by bringing the date of production as close as possible to the date of sale.

The cotton and steel industries have apparently operated on the labor reserve principle more extensively than many other lines of business. The cotton mills keep a surplus of labor on their pay rolls with the double object of keeping wages down and having plenty of labor on hand when rush orders are obtained. In order to hold the labor surplus, each worker is given employment part of the time. The jobs are passed around. All of them work part of the time, and none work all the time.[1]

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[1] Report on Woman and Child Wage Earners, United States Senate Document No. 645, 61st Congress, 2d Session, 1913, Vol. 18, p. 46.

The figures furnished by federal investigators show that the actual weekly income received by a family in the mills is almost never the same as their average weekly income. In other words, the weekly income is subject to violent fluctuations of amounts from week to week. For instance, a typical family earned $25.45 one week, $14.85 the next, and $29 the third week. There were only two weeks in the year when its actual weekly income was within $2 of its average weekly income. There were five weeks when it was below $20; there were seven weeks when it was over $30. One week it earned $37.36; another, $14.85. Another family fluctuated from $6.05 a week to $18, with an average of $13.65; while a third family's income ranged from $9.25 to $21.95, with an average of $15.97. The sixteen families whose incomes are presented in detail in the report were selected as typical families, among the best at the mills. And yet in the entire sixteen families one can find but two cases where the actual weekly income was the same two weeks in succession. Out of 816 weeks' work performed by these families during this year, there are but five weeks altogether where families had the same income for successive weeks. And the figures were obtained from mills which "were not affected by the business depression, but ran full schedule time."[1]

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[1] These conditions are not confined to America. J. S. Poyntz says in Webb's "Seasonal Trades," 1912, p. 60, in a discussion of English employment conditions:

"The recklessness or selfishness of the employer, of course, often causes an unnecessary amount of irregularity of employment. There are many trades where the employer undoubtedly finds it to his advantage to keep a large fringe of superfluous labour attached to his business in case of an extra demand. He keeps them by sharing out carefully among them all whatever work there is. They are encouraged under penalty of being ignored in the future to sit about all day near the office ready to be called, but are paid nothing except for the time they are actually occupied. This is conspicuously the case in dock labour, sweated industries, and many women's trades such as jam-making, box-making, and the manufacture of aërated water. Furthermore, the foreman or giver-out of work finds it to his advantage to be always conferring a favour upon the man he employs, and a very marked favour upon those whom he employs frequently and constantly. This we believe to be the real objection to the schemes for diminishing the irregularity of employment in the docks and warehouses of Liverpool by an association among the employers of labour, so ably and powerfully urged by leading men of that city for many years. The men responsible for getting the work done are afraid to give the men security of tenure for fear it should weaken their power over them. In another town the same report states that the manager of the gas undertaking said that to dovetail the unskilled labour needs of corporation departments into each other in order to secure constant work for the men would be absolutely subversive of discipline! In so far as such an attitude on the part of the employers is responsible for irregularity of employment the best remedy is probably some form of penalisation for excessive use of seasonal and casual labour or of preferential treatment as a reward for the regular employment." Cf. also "Unemployment, A Problem of Industry," W. H. Beveridge, Chap. V.

The steel industry is extremely sensitive to the various influences, economic, political, or psychological, which affect the pulse of industry.[2] The United States Bureau of Labor Statistics, after stating that the figures it gives "may be taken as fully representative of general conditions in the industry,"[3] shows an almost constant fluctuation in the volume of employment from July, 1913, to June, 1915, a period of gradual but unsteady expansion in the business. Much of the fluctuation is due, however, to the companies' production policies, rather than to economic forces over which they have no control.

The United States Senate report on the steel industry agrees with this conclusion. It says:

> "It might be expected that in an industry where there was so much pressure for Sunday and overtime work there would be constant employment throughout the year. As a matter of fact, however, the iron and steel industry is more irregular in its operation and shows greater fluctuations in its labor force during the course of the year than any of the larger manufacturing industries whose demand is not seasonal. This high degree of irregularity of employment was the subject of more frequent complaint on the part of the workmen than any other condition connected with the industry. Some of the managers and superintendents also consider it one of the greatest obstacles to securing a highly efficient working force.

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[1] Report on Woman and Child Wage Earners, United States Senate Document No. 645, 61st Congress, 2d Session, 1913, Vol. 16, pp. 153–171.

[2] Cf. notes in New York Journal of Commerce, August 10, Vol. 84, pp. 6431, 6432, 6429, for typical reactions of steel and oil industries to changing industrial conditions.

[3] Wages and Hours of Labor in the Iron and Steel Industry, 1907 to 1915. *Bulletin 218*, pp. 7, 9, 12, 32.

> "Both the overtime work and the irregularity of operation are in large part results of the same cause, which is one of the fundamental policies in the present day management of the industry. This policy consists in running a department at top speed and under the heaviest pressure while there is an active demand for its particular products and then shutting it down as soon as the market becomes weak. During these periods of heavy pressure the production is large and the immediate costs frequently are far below normal, presenting a fine showing for the mill when only a single month's cost sheets are considered. When the mill is shut down, however, not only do the heavy fixed charges continue and the machines depreciate, but the workmen lose their skill and efficiency rapidly and the working organization is frequently injured by the loss of the best workmen who leave to seek places elsewhere. Some of the best managers assert that the losses from these causes more than counterbalance the gains secured during the months of rush work, and they are confident that they could make a better showing in economy of production for the year as a whole if the mills were operated regularly at a moderate pace."[1]

This alternation of rushes and idleness seems the more unnecessary, since production is so highly concentrated in the steel industry. In most industries centralization results in employment for a smaller number of workers but steadier work for them. The steel industry in America seems to proceed on an opposite policy.

Many industries, and particularly many plants in a host of different industries, have frequent periods either of rush or of idleness because of the success or failure of their selling departments in getting orders. The degree of regularity in the flow of orders and of raw materials in different establishments varies with the efficiency of the management and the care given to steadying the business. Smaller establishments, and those dealing in cheap goods sold in holiday trade or spring or autumn selling seasons and those catering to a fashion-seeking trade, are especially susceptible to these short-time, irregular fluctuations of business.

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[1] United States Congress, Senate Document No. 110, Report on Conditions of Employment in the Iron and Steel Industry in the United States, Vol. III; Working Conditions and the Relations of Employers and Employees, 62d Congress, 1st Session, 1911, Washington, 1913, pp. 21, 22.

In some industries days are frequently lost in excessively hot weather; in others, during extreme cold. In iron foundries, for example, the men often refuse to work on hot days because of the danger of heat prostration while carrying molten metal during the "pouring off." In candy factories time is sometimes lost during hot weather because the heat makes it difficult to handle the candy. The one case is typical of industries where the heat affects the workmen; the other, of industries where the weather affects the goods. In the building trades, rain, snow, and excessive heat or cold make work impossible from time to time. Sawmills are often compelled to shut down temporarily because of low water, which may be relieved by a heavy rain or the gradual accumulation of water above the dam. Mines frequently lose days because of car shortage or the presence of water in working levels. Shortage of materials or of coal, machinery breakdowns, lack of cars for shipping, and similar causes, disturb production frequently.

Another form of irregularity is found in *part-time work*. The reports on employment abound in references to it. Employees are kept on the pay roll

> "but have work only for a few hours a day with two or three days a week entirely unemployed." "It is this short-time work which plays havoc with the annual income of the steady worker and which is seldom, if ever, balanced by the short period of overtime work and increased earning."[1]

The New York Factory Investigating Commission pointed out the fact that though the number of employees in the paper box industry decreased but 10 per cent in the dull season, the employers' wage bill decreased 30 per cent, and the average weekly wage of 194 women studied fell from $8.13 in the rush season to $5.68 in the dull season.[2] They showed that in the confectionery industry, the regular weekly schedule of hours was shorter in the slack than in the rush season, and often the actual hours worked were even less than those scheduled.[1] The Massachusetts Minimum Wage Commission in its decree on wages in the brush industry of Massachusetts, says:

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[1] *Fourth Report*, New York Factory Investigating Committee, Vol. II, Appendix IV.

[2] *Ibid.*, Appendix IV, pp. 252, 253.

> "In a much larger number of cases the difficulty is found in the fact that the worker does not or cannot work the full time. Where the cause of this condition rests with the voluntary action of the girl, not superinduced by some physical or mental condition fairly chargeable to the employment, it may perhaps be disregarded in an inquiry of this character. Where, however, the part time is chargeable to the industry, either for reasons like those suggested or because under the organization of the industry work cannot be supplied to the worker sufficient to keep her employed full time, it is a factor that cannot be overlooked by a body charged with the duty of fixing minimum rates (of wages). . . . The question of short time seems to the commissioners, perhaps, *the greatest single difficulty*, in connection with the wage situation in this and other Massachusetts industries. . . .
>
> "In this connection the commission is of the opinion that employers should give their best thought to the problem of eliminating the great irregularity of employment and reducing the striking amount of part time which marks the industry."[2]

The artificial flower industry exhibits the same phenomenon.

> "In more than half the shops the workers must expect a dull period of three or four months every year. Part time is another phase of the problem. Firms may report that they keep their employees 'all the year round,' and yet the workers may suffer the disadvantages of irregularity by a reduction of pay in dull weeks. For instance, a rose maker who earned $9 a week in the busy season was employed through the dull summer months, but she worked only three days a week with half pay, except for an occasional week when more orders were received. Even then she was paid $2 less than in the winter for a full week's work, a premium to the firm for not 'laying her off.'"[3]

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[1] *Fourth Report*, New York Factory Investigating Committee, Vol. II, Appendix IV, p. 213.

[2] Massachusetts Minimum Wage Commission, *Bulletin No. 3*, August, 1914, pp. 7, 13.

[3] Artificial Flower Makers, Mary Van Kleeck, Russell Sage Foundation Publication, New York, 1913, pp. 43-44.

The "extra" motormen and conductors carried by street railways constitute a group of irregular employees which totals tens of thousands. They are ordinarily required to report twice or more a day at the barns, and are subject to call at any time, but get "runs" only when the company needs substitutes or extra cars, and during the rush hours when the service is temporarily augmented. They may work four hours one day and fourteen the next. At times when the company is short of men they may even work more hours than the car men with regular runs. The "extras" are of course awaiting promotion to a regular run, but as their places are steadily filled by new "extras" their promotion does not decrease the number of men in this irregular occupation. The mitigating feature in this particular type of irregulars is that each man is awaiting regular work and either leaves the street car service or becomes a regular man.

6. Casual and Semi-Casual Labor Demand

Many irregular demands gradually shade off into casual work. The various branches of the contracting industry exhibit this type of irregularity continuously. There are four classes of men hired for contracting work. Every contracting concern of any size has a relatively small group of mechanics and laborers who work for it all the time. They are steady employees. They are but rarely out of work. They have been selected by the employer because of their skill, reliability, and suitability to his work and organization; and they, in turn, have attached themselves to this firm because they have found them "good people to work for." A certain degree of compatibility, industrial and personal, causes these permanent relations. The second type of workers is a group of mechanics and laborers who are hired whenever the employer gets busy and let go whenever his "jobs" run low. There is constant change in the personnel of this group. Many of them work more or less frequently for the same employer. But each man works off and on for all or many of the contractors in the locality, or may even go out of town occasionally to work for some outside contractor; while each employer hires such as he can get of the local mechanics and laborers whenever he requires an enlargement of his labor force and lets them go as soon as the job is finished. Certain firms may like to get certain men whenever possible and each man has preferences among the employers hiring in the local labor market; but there is no permanent relationship between individual concerns and individual men. The workmen go on and off the payroll in harmony with the fluctuations in the employers' contracts.

These men are steady workmen, in one sense of the word. They are eager to work steadily. They will stay by a job until it is finished. Many of them become "year round" employees of particular concerns when they get an opportunity. They are competent and reliable, though probably not equal, on the average, to the group who succeed in holding steady jobs. They are, as a rule, quite steadily employed during warm months, and some of them often get more or less work at their trade during the winter.

A third group are employed very irregularly during the busy season and not at all during the dull season. The contractor putting up a building, and the various sub-contractors doing different parts of the work, are continually calling for men to work a few days, a week, or two or three weeks. To-day it is some extra laborers for the excavating, or wheeling sand or mortar for the masons or bricklayers; to-morrow it is rough carpenters; the next day laborers to clear away débris. Every large contracting job employs more or less of this short-time help, and expects a supply of labor to be continually on hand to meet its short-time demands; then cast to one side until needed again. This irregular demand, which offers employment for varying periods, sometimes running into weeks, or even a couple of months, gradually shades off into a purely casual demand for men to work days or even hours and be paid off every night. The contracting industry offers a good deal of this most irregular of all kinds of employment.[1]

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[1] The use of a fringe of irregular and casual workers is of course characteristic of seasonal trades in all countries. The facts are well stated by J. A. Poyntz, in a discussion of the English situation:

"In general we find that the problems of unemployment in seasonal trades are

The last two types of demand are the ones we wish to describe particularly at this time — short-time irregular demands and casual demands. Each of them is an important cause of "under-employment," each of them demoralizes the efficiency of many workmen; each of them both produces and caters to one of the most demoralized groups of workmen in our labor supply. Dock labor is one of the most important types of casual employment.

> "In New York harbor there are from 40,000 to 50,000 men employed in loading and unloading vessels. Of this number it has been estimated that probably only about one half are working on any one day, and the number employed fluctuates violently. . . . Few men are steadily employed. They are hired by the hour and when the work of one gang is completed they are immediately discharged, be it one, two, or three hours, or two or three days after they have begun." "These longshoremen cannot be said to be unemployed, their trouble is unsteady employment. They work off and on. They may wait around a dock half a day and get but an hour or two of work. Other days there will be no work, and then again there will be a stretch of a few days or a week when work will be carried on day and night. One week may bring two or three dollars, another twenty or thirty. How shall their families adjust their living to such an income?"[1]

of much the same nature as that of unemployment in general. There is usually, though not always, the nucleus of permanent, regular workers, sometimes large enough to account for the large majority of the hands employed and sometimes reduced to a negligible fraction. By their side are the irregular workers, hired for a few hours, a day, a week, a month, or part of a year. The tendency of each trade is to keep attached to itself in employment, underemployment, or unemployment, a sufficient number of hands to meet all possible demands of the trade. Sudden rushes produced by wealth, fashion, or the exigencies of trade are met by taking on a large number of these workers who stand ready, and dismissing them when the spurt is over. Thus reserves accumulate around each trade, forming a permanent surplus of irregular and casual labour. This surplus again contributes to the intensification of the evils of irregular employment by relieving the employer and the public of any anxiety as to the supply of labour to meet their often capricious demands. Painfully long hours and frightful pressure of work characterize the 'season' in certain industries, not so much because these are really necessary as because an overfull labour market makes heedfulness superfluous and makes it possible for the employer to meet the most tyrannous and thoughtless demands of his clientele." — "Seasonal Trades," edited by Sidney Webb, p. 54.

[1] Report of New York Commission on Employers' Liability and Unemployment, 1911, p. 48. Cf. also "The Dock Workers of New York City," Final Report In-

Similar conditions obtain to a greater or less extent at the other ocean ports and the Great Lakes ports.

Department stores, ten cent stores, and many other mercantile establishments hire much short-time help, especially at the holiday season, to meet rushes of business, to help unpack or ship goods, assist in rearranging the store, and other extra work. Factories call for casual help to assist in unloading cars of coal or raw material, to help on such emergency work, such as cleaning up and snow shoveling; in the shipping rooms during rush seasons or on rush orders and as teamsters' helpers when handling unusually heavy packages. Express and transfer companies hire extra help in rush seasons, such as the Christmas holidays; during the weeks in spring and fall when extra large numbers of householders are moving; and at all times during the year whenever they are unusually busy or have unusually heavy objects to handle. Fuel companies hire extra men intermittently through the autumn and winter as "coal carriers"; advertising companies, theaters, and business houses hire casual help to carry signs on their backs or distribute bills or samples; publishers of city directories hire short-time help to collect their information, and a large number of other employers offer casual or semi-casual employment at various times through the year. Caterers, hotels, and restaurants hire a good deal of casual help for waiting on table at banquets and other social functions, paying the help by the hour. A typical case is described by a Massachusetts court.[1]

> "It was a part of the regular business of the employer to provide and serve banquets, but for such service no men were regularly employed. The custom of the catering business is that such banquets are served by waiters secured for the particular occasion. Such waiters might work for different employers on the same day or for many different employers on successive days."

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dustrial Relations Commission; Vol. III pp. 2051–2212; "The Longshoremen," Charles B. Barnes.

[1] Joseph C. Gaynor, *v.* T. D. Cook and Co., Inc., and Standard Accident Insurance Co., Insurers, Massachusetts Supreme Judicial Court, 104 N. E. 339. Many other interesting cases of casual labor will be found in the court decisions which construe the words "casual labor" in workmen's compensation cases.

Some of the workers who take this casual work have other occupations during the day; others depend upon it for a livelihood.

There are many persons whose occupations are those of wage earners and whose method of earning a livelihood is more or less casual, who are not casual employees at all. One will find a number of public stenographers in a large city who earn their living by doing "jobs of stenography"; teamsters who depend upon miscellaneous teaming work for employment; chimney sweeps who work at building after building throughout the year. These persons are in reality not wage earners at all. They are contractors. They carry on their trades as the lawyer or the doctor carries on his profession — by catering to the needs of a succession of clients. Sometimes they are paid by "the job"; sometimes by the hour. But they are not employees of the person they work for. They are independent contractors, as far as that person is concerned.

In addition to the casual demands incident to business activity, there is a large casual demand in the spring and fall for men for housecleaning, garden work, and the grading or improvement of lawns and yards. The domestic demand for casuals is more or less continuous through the year, but has two distinct rush periods in May and June and in September, October, and November. There is little demand in the northern states for male domestic casuals in the winter, and they are forced to depend then upon the calls of municipalities, railroads, street railways, and business houses for snow shovelers. Women are in demand all through the year to do day work in homes (*i.e.*, washing, ironing, and cleaning), but there is a much larger demand for them at housecleaning time than at any other time in the year.

In general, casual work is a source of labor demoralization. But some is not. Many of the girls who take casual jobs in factories and mercantile establishments during the holidays are women and girls who do not ordinarily work for a living but earn some holiday money in this way. Others are girls temporarily unemployed. Many of the men who take casual work with factories, fuel and express companies, and other industrial concerns are temporarily out of work and do this until they are able to get steady employment. A large proportion of America's high school and college students earn money to help keep themselves in school at casual work. What many housewives earn by intermittent sewing, washing, and cleaning pieces out the earnings of the husband and either permits a little saving or a more adequate livelihood. Stenographers temporarily accepting "substitute" work while out of steady employment are doing casual work, but are not casuals. The male casuals who fill the domestic demands are in most cases "professional casuals." They never work regularly if they can help it. They are deteriorated. Few men with self-respect and ambition like to do the more or less servile work offered by this type of employment. The women who do day work, on the other hand, are in many cases worthy women. But there is an element among them who exhibit many of the characteristics of the male casual. *The subtle danger of casual work, which silently accomplishes serious results*, is *that it develops a habit of irregular work in those who depend upon it for a livelihood. It is easy to cultivate a taste for leisure.*[1] Men easily learn to like frequent idle days. The persons whose lives are centered about other interests, like the student or the housewife, can resist its baneful influence. Their minds are inaccessible to the temptations which casual labor brings. But to the laborer who learns to support himself by odd jobs casual labor is as dangerous as the tentacles of a devilfish.[2]

The demand for casual labor is naturally an excessively fluctuating demand. Each employer seeks for help only long enough to help himself out of an emergency. When confronted by some unusual situation he hires extra help to get out of it, and then immediately discharges the help. The workman who must depend upon "picking up an odd job" necessarily leads a very uncertain existence. It is not strange, then, that the men who seek casual work are just as uncertain as the work is. Employers who complain at the unreliability, incompetence, and indifference of casual laborers would do well to remember that the chances of employment which they offer are as unreliable as the men who accept them, and that the livelihood these men obtain is as insufficient for their needs as the work they perform is insufficient to satisfy the employer.[1]

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[1] One of the best American discussions of this subject is "One Thousand Homeless Men," Alice Solenberger, Chap. VIII. Cf. also "Unemployment, A Problem of Industry," W. H. Beveridge, Chap. VI. Also "Unemployment, A Social Study," S. Rowntree and B. Lasker, Chap. IX.

[2] The subject of casual labor is more fully treated in Chapter XIII. The references for that chapter will furnish the reader with much additional information about the casuals in America, Canada, and England.

7. Cyclical Fluctuations in Labor Demand

The types of fluctuation of labor demand discussed thus far occur in all years. They are normal, or characteristic, conditions in our industrial system. But at times we also have *abnormal fluctuations* of labor demand. These have often been called cyclical fluctuations.[2] These waves of undue prosperity followed by extreme industrial depression have occurred, roughly, some ten years apart during the last hundred years, with unusually severe disturbances in 1837, 1873, 1893, and 1907–08. In most of them a period of unusual production has been followed by a sudden collapse of our industrial and financial system, followed by a longer or shorter period of gradual recovery to a normal condition. A sudden sickness seized industry, followed by a period of inactivity and of gradual convalescence.

The fact that there are cyclical booms which increase the demand for labor almost as much above normal as the depressions drag it below normal has not always been as clearly appreciated as the fact of cyclical depression. The public consciousness is not so keen to recognize boom conditions as panic conditions. It happens again and again that a period of abnormal business activity is mistaken for a permanent raising of the level of general well-being. Human nature will fight hard against giving way to pessimism in days of adversity, but yields easily to over-optimism in days of prosperity. Even *conservative* business men are loath to admit that good times will not last indefinitely. The boom, with its abundant opportunities of employment, is suddenly followed by stoppage of industry and the laying off even of regular employees. The warnings of far-sighted men that speculation and investment were going too far are disregarded, until the crisis comes, like "an acute malady."

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[1] Cf. also "A Clearing House for Labor," D. D. Lescohier, *Atlantic Monthly*, June, 1918.

[2] Cf. Third Report, New York Commission on Employers' Liability and Unemployment; "Unemployment, A Problem of Industry," W. H. Beveridge, Chap. IV.; "Unemployment in Lancashire," Chapman and Hallsworth, Chap. VII.

It is not our purpose to make any study of crises and depressions. We will not undertake a discussion of their causes or their treatment. We accept them, as we accept the irregular demands for casuals, or the displacement of workmen by machinery, *as facts of the labor market.* We see that in 1837, 1873, 1893, and 1908, they threw multitudes of people out of employment. We see that in a number of other years they produced lesser depressions in the labor market. They are a part of our subject only inasmuch as they are forces which profoundly affect at times the volume of employment.

> Webb speaks of them as "of all causes leading to workmen being discharged, (the one which) stands out conspicuously." "These waves of depression, affecting all trades in all countries, show themselves in a diminished volume of production, involving, in the United Kingdom alone, the dismissal of hundreds of thousands of workmen, from absolutely no fault or shortcoming of their own. And when, in such a time of depression, a workman loses his place, the Trade Union records prove that, even the best workmen, with the most unblemished of characters, may possibly be many months before they can regain employment."[1]

The effects of booms, crises, and depressions upon the American labor market can be clearly seen in the phenomena of 1893, 1907, and 1914. In 1893, after a period of rapid expansion, particularly marked by the process of consolidation of competitors into large corporations and combinations, a financial crisis disorganized our whole trade and industrial life. Nearly six hundred banks failed during 1893, commercial failures were nearly double those of 1892, several important railway systems passed into the hands of receivers, and industries were closed in every locality. Want and distress were general. It was necessary to provide relief work and charitable assistance for the unemployed in most large cities, and widespread unrest evidenced itself in more or less violent demonstrations of the working classes. Millions were thrown out of employment, wages fell, work was scarce, and many mechanics were not employed more than three days a week for from three to five years.

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[1] "Prevention of Destitution," Sidney Webb, p. 111.

In 1907, we had another acute disturbance. The revival of business which began about 1898 was stimulated by a greatly increased supply of money.

> "Again the business world lost its customary caution and plunged into reckless excesses. By 1906, the first signs of approaching disaster were visible. . . . When the banks began to contract their loans in March, 1907, there resulted the so-called 'rich men's panic.' . . . In October several banks and trust companies fell under suspicion. Runs began upon these trust companies. . . . Distrust spread from New York to the rest of the country."

The boom suddenly broke, industry was again paralyzed, wage earners in great numbers were thrown out of employment, and 1908 was a year of abnormal unemployment.

In 1914, a depression resulted from the outbreak of the European war. Thousands of employers, uncertain as to the duration of the war, "marked time" while they watched the course of events and tried to diagnose the economic situation. International trade and finance also had to be adjusted to the situation. Hundreds of thousands of employees suffered unemployment or reduced employment for several months until business resumed work on a war basis. Many industries lost their markets and never recovered them until the war was over, but others soon obtained war orders and enlarged their operations. Labor had to shift from crippled to prosperous industries, or remain unemployed.

SUMMARY

It has been the purpose of this chapter to show that the demand for labor fluctuates almost continuously; that some persons are losing their employments at all times, no matter how prosperous is the general condition of business. The principal part of the chapter has been devoted to a discussion of labor demand under normal industrial conditions, and the treatment of the abnormal conditions which obtain in times of crisis and depression was reserved for the closing pages of the chapter. The chapter has not discussed unemployment, nor attempted to point out all of the causes of unemployment. It has been confined solely to *a study of fluctuations in industry's demand for labor.* It studies unemployment only as a result of changes in the amount of employment offered to labor by industry. In our next chapter we consider unemployment; and we there bring the fluctuations of labor demand into relation with another group of causes of unemployment, many of which do not directly arise out of industrial conditions.

CHAPTER III

OCCUPATIONAL IDLENESS AND THE IDLE

THE purpose of this chapter is threefold: to complete the discussion of the causes of unemployment, to describe types of people found among the unemployed, and to describe the effects of unemployment upon the workers, industry, and citizenship.

1. TYPES OF UNEMPLOYMENT

There are three main types of unemployment: irregular employment, underemployment, and unemployment.[1] It is unfortunate that the term "unemployment" has been used to cover all three types. Conforming to this common usage, we have used the term "unemployment" up to this point as a general term designating occupational idleness. But it is now necessary to analyze more thoroughly the idleness of workers, and to do so we must discriminate between the different types of occupational idleness and their several causes. Henceforth, when referring simply to the general fact that workers are out of work, we shall use either the term "occupational idleness" or "non-employment" as the inclusive term comprehending all three types.

Irregular employment exists when the employee, either because of an intermittent demand for his labor or because of his own irregularity, does not work steadily, but loses time frequently. The building laborer who knows that he cannot expect to work six days a week, or even every week, and that his pay is bound to vary from week to week, is irregularly employed. "Irregular employment" is likewise the proper term to designate the experiences of the worker subjected to seasonal fluctuations of employment. He often works at from two to a dozen different jobs in the course of a year, with loss of time while shifting from job to job, and loses one or more days while working on some of the jobs.

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[1] Cf. "Idleness as a Source of Waste," Thomas N. Carver, in "The Foundations of Prosperity," Ely, Hess, Leith and Carver, Part IV, Chap. III, Macmillan 1917.

Unemployment occurs when a man is definitely out of a job; when his employment is definitely terminated. An unemployed man has either been discharged by his employer, quit, or been laid off for a time. It is correct to say that unemployment obtains when, as in a period of depression or after a disastrous fire, a workman retains his right and expectation to work for a particular employer but is "laid off" for a prolonged period. A worker is unemployed when he is definitely "out of a job" for the time being.

Underemployment may be the result of frequent unemployment or of irregular employment, or may occur without the presence of either. It is a question of earnings. Underemployment occurs when the employee cannot get in enough days or hours of work to earn an adequate livelihood. Probably half or more of our wage earners suffer more or less from underemployment. In any individual case the underemployment may be due to inability to get work, to unsteady work, to reduced hours, or to personal irregularity. A workman is underemployed when he is unable to earn a decent living at his occupation *because he does not work full time.* When the cause of insufficient income is low wages rather than irregular employment, the problem, of course, belongs to the wage question rather than employment. As a matter of fact, the cause of a family's poverty is frequently the combination of a low wage and irregular employment.[1] It is precisely those who work most unsteadily who earn the least when they do work. They work more unsteadily than other men because they are less efficient, and they earn a lower rate of wages for the same reason. The number of such persons seeking work seems always to be larger than the demand for their services, and they are therefore almost continuously in excessive competition with others of their own type for such jobs as are available. This puts them in a position of peculiar disadvantage in bargaining with employers and compels them to accept such rates as the employer offers. Their underemployment is therefore cumulative in its effects, compelling the acceptance of low rates of pay as well as an inadequate amount of work. The part-time work which many skilled and competent employees have to accept during dull seasons and dull years affects the welfare of distinctly higher types of labor than the habitually underemployed common laborers to whom we have just referred.

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[1] A number of studies of workingmen's family incomes in this country during the ten years preceding the war reveal that a surprising proportion of American workers' families make ends meet only because two or more persons contribute to the family budget. A large percentage of American "heads of families" are unable to maintain their families in a satisfactory standard of life by their own efforts, and either the mother or the children have to "help out." There can be little objection to the wife working when it does not impair her health or the performance of her duties as wife or mother, especially if it enables the family to save and advance themselves. But in a large percentage of cases the wife and children work to their own or the family's detriment. The same condition is even more prevalent in England and Europe.

The Causes of Idleness

Our previous chapter demonstrated that involuntary idleness of large numbers of workers is typical of our industrial life. If any further demonstration was required to prove that it is not true that any one who desires work in this country can obtain it, and that most of those who are idle, although able to work, are idle by necessity, one would only have to stop and reflect that laziness is a constant rather than a variable in human nature, while idleness is a variable rather than a constant in human experience. If unsteady employment were principally due to the laziness, incompetence, and irregularity of workmen, the amount of unemployment would be approximately the same one year with another. Not many more

Both inadequate wage rates and insufficient employment enter into the causes of the condition. For the benefit of the interested reader we here cite a few specific studies of this matter: "The Standard of Living in New York City," Robert Coit Chapin, IV, pp. 54-60; "The Standard of Living," F. H. Streightoff, Chap. III; "Wage Earners' Budgets," Louis B. More, pp. 27, 84; "Poverty and Social Progress," Maurice Parmalee, Chap. VII. Twelfth Biennial Report, Minnesota Bureau of Labor, 1909-10, p. 560.

persons are sick, disabled, delinquent, and lazy in winter than in summer; and certainly no more in 1904, 1908, 1912, and 1914 than in intervening years. And yet, as we pointed out in the previous chapter, the curve of employment shows that year after year there are more men idle in January than in March; more idle in July than in September; fewer idle in October than in any other month; and millions more unemployed some years than others. Certainly incapacity, laziness, and shiftlessness do not vary to the extent thus indicated.

But the fluctuation of industry's demand for labor is not the only cause of non-employment, and does not explain all the phenomena connected with irregular work, and it is not necessary to examine a group of causes that are at most but indirectly related to the fluctuation in the amount of work available.

2. Maladjustment of Supply and Demand

It often happens that an employer is seeking a certain kind of worker when there are men of that very kind out of employment in that very locality but neither the employer nor the worker knows about the other's need, and the two do not come together. They are ships that pass in the night. A lack of agencies for quickly and accurately bringing together unfilled labor demands and idle workers able to fill them causes hundreds of thousands of workmen to lose time each year who would be profitably employed if they only knew the names and locations of specific employers who needed their services.[1]

3. Effect of Inefficiency on Demand for Labor

Inefficiency of workers probably decreases the total volume of employment open to wage earners. There is no way to determine quantitatively the extent to which inefficiency causes idleness. But any one familiar with industry and labor can hardly fail to notice the large proportion of workers who fall short of the productivity that should have been possible for them.[1] Employers, workmen, social workers, and economists can agree on this one point at least. They may get into an argument when an attempt is made to locate the causes for the inefficiency, but the fact that large numbers of workmen are not so productive as they might have been is admitted by all.

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[1] Cf. Chapters VI, VII, VIII, and IX.

Inefficiency affects employment in two ways. It determines which individual workmen will be let out first, and it increases the total amount of unemployment. In other words it affects both the incidence of unemployment and the total number of workers unemployed. We are interested at this point only in its effect upon the volume of idleness. Its determination of the incidence of unemployment is discussed later in the chapter.

Employers produce goods in order to earn profits. *If their cost of production equals or exceeds the selling price, they have no object in producing.* In years or seasons when business is not prospering and prices are falling closer and closer to the necessary cost of production the employer begins to retrench. At such times, *employers who can produce at the lowest cost* per unit of product can continue their normal production after those whose cost of production is higher have to decrease their output or close down.

Efficient labor, *i.e.* labor whose output is large in proportion to its cost, enables an employer to continue production even in an unfavorable market. Inefficient labor costs so much that the employer must decrease his output sooner. His high labor cost causes his cost of production quickly to exceed the falling price. This is the way that inefficiency increases unemployment. It forces employers either to cut wages in a falling price market or to stop producing.

An interesting illustration recently came under the author's observation in a large steel plant. The labor cost per ton of product in this plant had risen above the labor costs of certain competitors. The firm was unable to get new orders. The relative inefficiency of their labor was forcing them out of the market. When the workers discovered that the firm was short on orders they decreased their output still more in order to "make the job last" as long as possible. The firm decided that the only solution for the problem was to put the whole situation up to the men. They called them in and told them that orders were so low that decreased employment had become inevitable; showed them their books and proved that labor inefficiency was the cause of their inability to get orders, and pointed out that the only thing which would prevent a complete shutdown was an increase in output per man. The men would have to work harder and faster and to accept a temporary wage reduction that would enable their concern to underbid competitors. When the men saw the situation they agreed to the firm's proposal. The problem they had to face was clearly to accept unemployment as a penalty for their low productivity or increase their output, cut their employer's labor cost, and recover their employment. They made the temporary sacrifice, enabled their employer to compete successfully, and reëstablished themselves in steady, remunerative work.

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[1] Cf. Beveridge, "Unemployment, A Problem of Industry," Chaps. VI and VII; Chapman and Hallsworth, "Unemployment in Lancashire," Chap. V; *Third Report* New York Commission on Employers' Liability and Unemployment, 1911, especially in testimony.

The effect of inefficiency upon the regularity of employment is not always as apparent as it was in this case, but there can be no question that one means of steadying employment is to improve the efficiency of labor so that the employer can produce even when prices are low. This is notably true in those industries (now to become more numerous in America) which sell their products in foreign countries. It is likewise true in those industries which sell over wide areas, many of whose competitors have peculiar advantages of location. The labor item is a large element in the cost of production of many industries, and even small variations in the product per man often have marked effects on the employers' position in competition. Irregular employment is one of the most persistent causes of inefficiency among workers. That very inefficiency becomes, in turn, the cause of further lack of employment.

There are a number of different types of inefficiency among our workers which are susceptible of elimination or modification. Lack of technical skill, inability to apply themselves steadily, poor physique, a defective sense of responsibility, absence of a sense of loyalty to the concern for whom they are working, lack of ideals of workmanship, and lack of interest in the work stand out among the causes of inefficiency. Each and all of them are largely susceptible of control.

The lack of technical skill among American-born workmen has been due to five characteristics of our economic and educational system: we have no general systems of apprenticeship training; we have no general system of industrial education; our subdivision and specialization of tasks makes it impossible for workers to learn a trade in the shop; the rapid turnover of labor in our industries prevents more than half of our workmen from remaining long enough in one establishment to become skilled workmen; and we have depended upon immigration for a large part of our skilled labor.

It is not necessary to dwell at length on the fact that American industry has had neither an apprenticeship system nor an adequate substitute for one. That fact is well known, and both our industries and our educators are now trying to fill the gap. Indeed, the changes in industry which have been splitting up trades into specialized tasks have rendered the *old-fashioned* apprenticeship obsolete for the mass of the wage earners. One of the essential difficulties in our industries is that the employers now teach a worker a specific task and lay him off when they no longer need him for that task. He has not that general capacity which enables him to be fitted into other work, and cannot be expected to have it. He, and often his employer, has come to look upon that *task* as his *occupation*, and when he is laid off he begins to seek work in *some other establishment at that task.* Frequently he wastes weeks in a fruitless search for a certain job which he considers his occupation, but which is in reality but one detail in a complex production process. This worker, a victim of American subdivision of tasks, is often worse off than if he knew nothing but crude manual labor. The type of skill he has is so specialized that it is hard to market, and yet it represents to him his highest attainment in workmanship and earning capacity, and he does not want to step down to a lower grade of occupation.[1] To the business or professional man there may not appear to be any difference in industrial grade between a stamping press operator or a crater in the shipping room, and a pick-and-shovel laborer or a teamster's helper, but to the worker there is so much difference that he will tramp the streets looking for the work he "follows" until actual hunger forces acceptance of the cruder employment. He no longer considers himself a "common laborer." This fragmentary training of workers often improves their economic status if they are able to hold the job permanently, or work in a community where employers use many men at that kind of work, but it unfits many workers for other occupations without giving them any steady employment at the work they have learned. A little skill, like a little learning, is often a dangerous thing.

Dr. Frank Tucker described his experiences with inadequately trained workers in his testimony before the New York Commission on Unemployment:[2]

> "We have the most serious problem in obtaining employment for those who are essentially inefficient. I mean by that that they have not been taught an occupation which is steady in its character. I have come in contact with many men who know only what is called clerical work. They have not been trained as bookkeepers, they have not been trained as accountants, they have not been trained as cashiers or cashiers' assistants. In other words, their early training has not equipped them for existence, and for obtaining employment in a community where employment is highly specialized.
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> "Then there is the type of so-called handy man (casual) who usually has no capacity whatever. He cannot even attend to the furnace well. He does not know how to remove the ashes from the kitchen to the sidewalk without leaving a trail. He does not know how to clean a window and seemingly has not the capacity to learn how, and at any rate no one has the time or the inclination to teach him. Then there is the great group whose working capacity has been

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[1] This question of industrial training is discussed constructively on pages 135 ff.

[2] Report of New York Commission on Employers' Liability and Unemployment, April, 1911, Appendix 11, pp. 191–192. Cf. also Beveridge, *op. cit.*, Chaps. VI, VII.

destroyed both through lack of proper training for a vocation, and whose earning capacity is weakened by some weakness of character that we usually find to be overindulgence in stimulants, which has so fastened itself upon them as really to become a disease. That type of man is not an uneducated man. He is not a man who has been limited as to his early opportunities in life. He is usually a man who has had opportunities and who has not established himself, and who has reached an age where he cannot unlearn the habits of the past, and he cannot learn or develop a new form of earning capacity sufficient to maintain himself.

"These are types of men whom we, who have dealt with dependent families, are constantly in contact with. And it is from that group that the need for the custodial institution which Doctor Lewis spoke of this morning has grown — an institution where there can be control, so that the desire for drink will be controlled, or at least minimized, and where some form of earning capacity can be developed, at any rate to such an extent as to enable the individual to go back in society and establish for himself a place where he can maintain himself independently without outside assistance."

The *"blind alley" occupations*, into which hosts of young people are drawn like flies into the web of the spider, throw thousands of unfits upon the labor market. Children enter industry with but a crude education and no specialized training and enter occupations in which they cannot hope to remain for more than a few years and in which they are not being fitted for any permanent career. Mrs. Helen W. Rodgers, Director of the Boston Placement Bureau, testifying before the Industrial Relations Commission, said:

"We get a great many tragedies at 18, coming into the placement bureau, or from the great factories where those boys have gone at 14 at high wages, doing mechanical work. They have done it for four years. They reached the limit of income; that is, they reached their earning capacity there, and they come out to us at 18, deadly tired of it, and not having any idea of the next step. They have been doing treadmill work. They know nothing else but that one machine. They don't know what else is going on in industry. After four years of life in industry, they are as blind as the boy of 14 as to the opportunities there are for them to do. I should say in our placement work those 18-year-old boys are going out of industry, they are great tragedies."[1]

These "blind alley" occupations must be abandoned when man's estate is reached. Sometimes the boy or girl is employed in a factory upon some special light work — minding a simple machine, paper folding, packing, and the like. Thousands are hired by mercantile establishments for bundle wrapping, selling notions, and other more or less unskilled work that is not followed as an adult occupation. The employer in St. Paul who put a sign in his window, "Wanted, an Apprentice to Run Errands," pictured the situation. Often the employment is of a more general character; such as that of the thousands of newsboys, messengers, or bellboys. In each type, however, the position of the boys or girls is the same. They enter, not as learners, but as wage earners, doing some work too simple or too light to require the services of grown people. When they have grown up and begin to expect the wages of grown people they must go elsewhere to obtain those wages. They leave or are dismissed and their places are taken by a fresh generation from the schools. Worse still, most of them do not continue in any particular establishment or occupation even during their pre-adult years. Shifting from job to job is characteristic of these youths. They acquire the habit of working irregularly even before they are thrown upon the labor market as untrained laborers. Consequently, they find themselves at eighteen or twenty years of age without any obvious career before them, without a trade in their hands, with no resource save unskilled labor, and often without a habit of working steadily. It is not strange that many of them make a failure of life.[2]

There can be no doubt as to the tendency of these very prevalent forms of youthful employment to turn out men who take necessarily to unskilled, often eventually to casual, labor. It is well known that a considerable fraction of those who apply for charitable relief on account of unemployment are persons whose early years were spent in employments of this character, and prepared only for a place in the labor reserve. As an English writer has put it: "Large numbers of young people drift through *cul-de-sac* boy employments into the overstocked ranks of the unskilled, and many of them verge on inefficiency not by reason of inborn defects, but because their early occupations, which called for little application, and were interspersed with periods of loafing, gradually undermined their powers. The need of agencies to direct boys and girls to trades at the critical age is only less pressing than the need of better education and a more extensively utilized continuation system. . . . And as regards education, it is urgent that the community should realize how fast the demand for developed intelligence and alertness is growing, that it is growing naturally at the expense of mere physical power, and how necessary it is that provision should be made for this by our training of the young." [1]

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[1] Final Report, Industrial Relations Commission, Vol. II, p. 1336.

[2] Cf. also "One Thousand Homeless Men," Solenberger, Chap. XIII; "Unemployment, A Social Problem," Rowntree and Lasker, Chaps. I, III; "Child Problems," George B. Mangold, Chap. V; Final Report Industrial Relations Commission, Vol. II, pp. 1315–23; 1328–37; 1336; 1384–86.

It is bad enough when the "blind alley" occupation leads to casual labor and industrial inefficiency.[2] How much worse when it produces a warping of the youth's valuations that unfits him for normal industrial life. When Mrs. Florence Kelley was testifying before the New York Commission on Unemployment she said:

> "I know about these young unemployables, because I have been watching them for eighteen years. What they do now is to send the boys fourteen years of age into the messenger service, and at sixteen years old they let them work on the night messenger service, and by the time they are sixteen years old, they learn nothing by which they can support themselves; they are too old for that service, and they are thrown out of it, and they largely recruit the body of tramps, a body of young people who do not keep any jobs. There are no tasks that fall on the settlement so discouraging. We try to get work for

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[1] "Unemployment in Lancashire," Chapman and Hallsworth, p. 78. Interesting historical data on "blind alley" employments in England will be found in "English Apprenticeship and Child Labour," Jocelyn Dunlop and R. D. Denman, especially Chaps. V and XVIII.

[2] The question of child training and the mitigation of "blind alley" conditions is further discussed in Chap. V, pp. 117 ff.

the multitudes of them; they don't want to work; they have become entirely disillusioned. The same thing is true of a great many young boys who have been in employments like driving sewing machines in tailor shops and doing physically exhausting work, and in the factories; they have seen the working people, and in their own expression, 'there is nothing in it,' and they have to be made over; they have to be physically set up, habituated to an entirely different kind of work than anything they have had before. . . . There are about six thousand of them put off every year, employed by one single company here in this one single city in the State. The payroll of the Western Union covers 2000 permanent, and in order to keep 2000 on the payroll, they hire 6000, and of those 6000 the great majority, according to the statement of one of the officers of the company to me, do not stay in their employment more than three months. It is just a floating experience they have.

"*By Chairman Wainwright:* Q. Have you any statistics of the number of prosecutions and convictions of those boys for petty offenses?

"A. No, we are getting that now. Personally, I know that the proportion of boys committed who have floated through this service, the proportion of floaters is very large among the boys committed, but we are getting the actual figures."[1]

The serious effect which a frequent change of jobs has upon the efficiency of a workman was not fully realized until skilled employment managers working for progressive concerns began to study out ways and means of increasing the productive power of their labor forces. They discovered that the essential obstacle to be overcome was that the men they were training one day were gone the next; while the men who stayed with them were often not interested in developing themselves *because they expected to be discharged at no distant date.* "What's the use?" had acquired possession of many workmen's minds.

There is a sharp disagreement between the employers and the men concerning the responsibility for this shifting and turnover of labor. The employers say: "Men do not stay with us long enough to permit us to teach them more than one or two things. They leave us as soon as we have taught them enough so that they are valuable. We lose what we invest in training them." The men say: "If we stay with an employer, he puts us on one particular job and keeps us there all our lives. It is more profitable for him to keep a man on something he knows than to teach him a trade. And anyway, they are more to blame for men changing employers than the men are. As soon as the busy season is over they let most of us go and we have to find work elsewhere." As a matter of fact, of course, there is fault on both sides. Employers, in working out their subdivision and specialization of tasks, have very frequently neglected to consider their men's interest. The easiest procedure is to put a man on a task and keep him there; to hire a man who knows a given task rather than to promote and train a man in the plant; to depend upon hiring skill rather than producing it. Workmen, on the other hand, have a tendency, when they have half or two thirds learned a trade or skilled occupation, to quit the employer who has taught them, represent themselves to another employer as competent workmen, and try to get higher wages by changing establishments. The men maintain that they do not stay because their employers do not give them a chance for advancement; the employers contend that they cannot give the chance for advancement because the men quit after the employers have invested in their training and before the training is completed.

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[1] Third Report, New York Commission on Employers' Liability and Unemployment, 1911, p. 166. The state of New York has since passed legislation which forbids the employment of young boys in the night messenger service, but the quotation is an accurate description of conditions surrounding thousands of boys in various occupations.

The monotony and lack of interest of many occupations is another influence which prevents workmen from remaining long enough to become skilled.[1] It is interesting to make something, but it is not interesting to make, hour after hour, day after day, month after month, a hundredth part of something, and often not even know what the finished product looks like. The worker who finds little to interest him in his work is apt to satisfy his craving for interest by changing employers, changing industries or changing localities. He knows that if he does not like his new job, he can change again; and he does. The employer who splits up an occupation into a hundred monotonous, repetitive tasks must seek to replace the interest which has evaporated from the work with a shop environment which appeals to the workman's personality. Otherwise he can hardly expect his workers to stay with him. This is one of the main functions to be performed by industrial welfare activities, and there is no excuse for a spirit of charity creeping into them, since they but replace in the life of the employee an interest of which modern industry has more or less thoughtlessly deprived him. The employer owes it to his workman and to himself to make the workplace livable.

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[1] The most thorough discussion of this topic is "The Instinct of Workmanship," Thorstein Veblen.

A considerable number of progressive firms, even in lines where work is highly subdivided and specialized, have found that a policy of training labor can be successfully and profitably installed. The first essential is to convince every workman or woman who enters the establishment that steady work and promotion are possible to them if they avail themselves of the opportunities which will be open. The second is the promotion of persons within the establishment to better positions whenever there are openings for which persons in the plant are qualified or can be qualified by training. Workmen must see promotion in progress to be convinced of its possibility for them. The third is a careful training and instruction of each employee in each task he performs. There is a right way to do even the simplest work, and the workman must respect his work if he is to remain at it. The fourth is advancement of wages with advancement in skill. These are but simple, fundamental principles which must underlie a training policy. They convince the workmen of the firm's sincerity and that real opportunities are open to them.

Employers in the United States have been encouraged to neglect the training of workmen by the influx of European mechanics. Throughout our history we have drawn thousands of skilled workmen from Europe each year. But in recent years the percentage of skilled workmen among our immigrants has been very small. Our rapidly expanding industries call for larger and larger numbers of trained workmen; immigration has been giving us fewer and fewer. The reduction of immigration during the war directed employers' attention to the necessity of emphasizing industrial training rather than dependence upon immigration as nothing had done before. The marvelous results attained in the swift, intensive training of war workers demonstrated something of what can be accomplished. If immigration continues to remain considerably below the pre-war figures for ten years more, as it probably will, it will no doubt cause our employers to give unprecedented attention to the development of a higher average of technical skill among American workmen.[1]

At the same time, experience has amply demonstrated that only a relatively small percentage of people (wage earners or others) will attend night school. It requires unusual ambition, determination, and persistence to go to school after doing a day's work. A city night school superintendent of long experience recently stated to me that in his judgment not more than two per cent of the adults of any city can be attracted to night school. The training given, to be effective, must therefore be connected with the day's work or given during periods of idleness.[2]

The training of adults at their workplace can be carried on in a number of different ways. Of late, considerable discussion has centered about the "vestibule school" as a solution of the industrial training problem. The vestibule school is a course of training which new employees, or employees transferred to new work, are given before they start work. It does not provide a general training for a trade or occupation but it affords a short, intensive training for a single operation. It is a job preparation, not an occupation preparation, and it is a natural development from the subdivision of work in modern industry. It was widely used during the war for the so-called "dilution of labor," to teach women and "green hands" how to perform some single operation ordinarily performed by skilled mechanics as a regular part of their trade. It is a *device* to assist employers to develop in employees a particular specialized skill.

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[1] Cf. "Immigration and the Supply of Labor after the War," D. D. Lescohier, *Atlantic Monthly*, April, 1919.

[2] Cf. Discussion of Training During Idleness in Chapter V.

The vestibule school is, of course, but a particular method of making sure that every person who is taken into an industry shall receive some kind of definite training for the work undertaken. Such training is only common sense. If the minute subdivision of labor which now obtains in so many of our industries is to continue, and persons must be employed to work at the highly specialized jobs which require labor in those establishments, some kind of training of each person for each job is essential. The only alternative is a low quality of labor efficiency. Many thoughtful people, both within and without industries characterized by such specialization of employment, doubt the possibility of building a democratic civilization around industries whose processes are so deadening to mind and soul, and believe that the minute subdivision of labor which has developed in the last forty years will pass, and be followed by a broadening of occupations and occupational training. But it is impossible at this time to forecast the future course of our industrial development in this matter of labor specialization, and the vestibule school, with its fitting of the new worker to his work, is far better than the slipshod methods which have heretofore obtained in the induction of untrained employees into new jobs.

Nevertheless, the warning of Mr. Stewart Scrimshaw, Supervisor of Apprenticeship of the Wisconsin Industrial Commission, with respect to the vestibule school, is one that should not be overlooked:

> "Vestibule schools with their corollary — dilution of labor — have been advocated for war emergency, and naturally during the war no adverse comment was made upon them. But in times of peace and normal industrial development, the vestibule school is an institution which cannot be looked upon except with suspicion by all lovers of democratic education and opportunity for the young. A vestibule school is not a school at all. It is a department for beginners established in special rooms or space through which workers pass,

with the idea of making these individuals efficient producers through a particular operation in a minimum of time. *If a vestibule school is maintained for adults*, people over twenty-one, who wish at the company's expense to become competent on some machine, *no one has a word to say; but if the youth of our land are put through these schools and made intensive operators, especially with public assistance, we should have a great deal to say.* As a matter of fact, a vestibule school can be a prosperous institution only when there is a colossal labor turnover, or a great influx of new workers such as occurred during the war; we all know that there is a wise tendency in modern industry to eliminate this excessive labor turnover. If this movement is sincere, as we know it is, *it must automatically leave the vestibule school, as an educational plan for minors, entirely out of the question.* (Italics ours.)[1]

There is room in industry for another kind of training school. Some of our larger companies have arranged, either privately or in coöperation with educational institutions, for courses given in the establishment or at school, for the further training of their employees *in their vocations.* But most of this sort of training accrues to persons who already have definite trades or occupations and simply aims to raise them to a higher level of efficiency. It does not benefit those who lack training to such an extent that the regularity of their employment is affected.

Such persons, if adults, have not enough preliminary education and industrial knowledge to fit them to enter and benefit by such classes. Their principal hope for training must consist in a systematic policy on the part of their employers of: (1) giving them careful instruction (*on the job*) in each task they perform; (2) transferring them as frequently as possible to other jobs, and training them carefully for each; and (3) promoting them to higher grade work whenever possible.

But we cannot depend entirely upon the employers to provide our entire system of industrial training. The task of training workers is predominantly a public educational problem.

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[1] *The Wisconsin Apprentice*, Vol. II, No. 2, p. 2, March, 1919. Published by Wisconsin Industrial Commission, Madison, Wis.

Apprenticeship and industrial training involve a threefold development of the individual in *doing*, *seeing*, and *thinking*. The boy must learn to *do* in the shop; he must learn to *see*, to *think*, and to *visualize* in a systematic training process in the school. This is not the place to attempt to suggest the details of an industrial educational system for the United States. That is a question to be worked out in part by those who direct the operations of industry, and in part by those who specialize in industrial training. But the writer offers as a fundamental principle the statement that:

No program of industrial education is adequate, which simply aims to turn out skilled mechanics. America needs efficient machine operators, laborers, salesgirls, and, in general, semi-skilled and unskilled workers, just as badly as skilled mechanics. Our problem is to increase and to conserve the efficiency of the entire labor force; not simply of a fraction of it. It is very important that we realize now, at the beginning of our constructive development of industrial training, that the skill of mechanics will fail to produce its maximum results unless it is used in combination with the labor of unskilled and semi-skilled workmen who are physically fit, intelligent, and have the right attitude toward their work. Our policies must cover our whole labor force, not a part of it.

The advocates of industrial education in the United States have given undue prominence to training workmen for a few trades, particularly the machinist and the building trades. They have even put considerable effort into teaching boys certain trades which are being steadily split into fragments by the modern subdivision and specialization of employments, and in which the boys could find little opportunity to use their training to advantage unless they were fortunate enough to become foremen. This shortsightedness has been due to a failure to adequately understand their problem. Apprenticeship of the eighteenth century type is dead. It survives in a modified form in a small number of crafts and industries. But it is as little adapted to the twentieth century as eighteenth century ships.

Apprenticeship, however, is not dead. It is simply undergoing an adaptation to the new industrial life of a new world era.

> "Apprenticeship is not dead, and never was dead, and never can be dead. We are all apprentices. We have apprenticeship all around us. It is only a question whether it is to be organized, or unorganized. The only thing that can die in apprenticeship is perhaps a particular method or kind of apprenticeship, but the principles, the function, and facts of apprenticeship can never die. In other words, there must inevitably be a learning period *in actual experience. The essential idea of apprenticeship is to learn by doing, and in doing.* People may contend for a longer apprenticeship, or some modification of apprenticeship, but fundamentally the same principle is always present — to learn by doing."[1]

The apprenticeship problem of the present is to develop conditions in industry, and relations between industry and our school system, such as will enable every child who enters a wage earning vocation *of whatever grade* to develop his powers of hand and eye and mind so that he can do his best for himself, his employer, and society.

Apprenticeship, then, in the modern conception, cannot be merely a process of training for certain trades; but instead, a developed, organized plan whereby every child who enters employment shall learn, consistently, and constructively, how to use his powers of body and mind effectively in work.

This conception requires that apprenticeship, instead of being the sole method of acquiring industrial knowledge, shall be but a part of the method by which our youth acquire such knowledge; and instead of being restricted to the few who enter trades shall be available to all wage earning youths. Apprenticeship *thus becomes a part of the system of industrial training*, and must necessarily be supplemented by school training. In the shop, the apprentice learns to *do;* in the school, he learns to *see* and understand.

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[1] Stewart Scrimshaw, Supervisor of Apprenticeship, Industrial Commission of Wisconsin, *The Wisconsin Apprentice*, Vol. II, No. 2, March 15, 1919, p. 1.

The recently established system of vocational education,[1] as worked out in Wisconsin, is gradually establishing in the state the type of apprenticeship suggested.[2] In Wisconsin, under a law passed in 1915, all minors learning any trade, craft, or business under contract, express or implied, who receive instruction as part of their wages, must be under written contract and the contracts approved by the state. This is to prevent employers from claiming apprenticeship for boys who really do nothing but common labor. These apprentices are required to obtain four hours' instruction in a school each week, on the theory of trade. "Apprenticeship, which is confined to practical operations in the shop, is not apprenticeship at all; only when theory is combined with practice can a boy get a true apprenticeship." [3] "Our apprentices, however, are paid by the employers while attending the school and are penalized for non-attendance by a penalty of loss of wages of three hours for each hour they are absent from school without cause." [3]

Side by side with this apprenticeship is the requirement, for non-indentured minors under seventeen years of age, of attendance at the vocational school eight hours per week, which aims to give them at least some definite preparation for successful wage earning.

These first steps do not carry industrial training very far in the direction of a system of combined school and shop training that will enable *every* youth to enter industry with a preparation and guidance that will bridge the gap between the elementary school and the opportunities of industry. But they are definite steps in that direction and they are being guided by men who recognize the needs of the situation.

There is another important consideration which should cause the United States to give immediate and thorough attention to the development of a system of industrial training that will meet the needs of every wage earner. Labor legislation has, in recent years, been imposing responsibilities upon employers for the benefit of the wage earners which make it impossible for employers to provide employment for the less efficient workers. Workmen's compensation laws, health insurance, minimum wage laws, hours of labor legislation, and safety and health legislation are forward steps of society that are of the greatest value to those who work in our industries. The welfare work which employers have been stimulated by public opinion to develop has often materially improved the employment conditions of those employees affected. But the workman's compensation law has often compelled the employer to refuse work to the old, the epileptic, the near-sighted, and the feeble-minded; to those who have a hernia, a defect of the heart or lung; to those whose hearing is not good, or whose activity is impaired by rheumatism. The minimum wage law can compel the employer to pay the woman worker twelve dollars a week, but he is certain to refuse employment to those whom he does not believe are worth it. Compulsory health insurance, supported in whole or part by employers, will add another group barred from employment by rising standards of labor protection. Short hours of labor are practical only when employees have physical and nervous vigor so that they can work hard and fast. They inevitably make unemployable the slow and weak.

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[1] Cf. further discussion on page 132 ff.

[2] Two very good descriptions of the theory and practice of the Wisconsin system are found in "Development of Apprenticeship," Stewart Scrimshaw, *op. cit.*, and "Labor and Administration," John R. Commons, Chap. XX.

[3] Scrimshaw, *op. cit.*

Our commonwealths are wise in insisting on these minimums of employment conditions. But we must not forget that each forward step throws another group of workers into the class of undesirable employees, and that *society itself* is here causing, by its very progress, no inconsiderable amount of unemployment, *for which society must hold itself responsible.*

Two courses of action lie before our people with respect to this unemployment. They are not alternative courses. They are supplementary. Both must be adopted. The first is to provide such industrial training as will reduce the number of unfits to a minimum. The second is the provision of some means other than the poorhouse or charity for taking care of those who cannot be made competent to maintain themselves in employment in competition with other workers. We must train our whole wage earning population, so that the number of unemployables will be reduced to a minimum. Then we must provide some method of caring for that "irreducible minimum" of unemployables that will preserve *their self-respect* and that of the nation.

4. Dissatisfaction with the Work

Many workers are idle because the jobs they had or could have do not satisfy them. They prefer idleness and even hunger to working under the unfavorable conditions open to them. They refuse to work for certain employers who offer less than the going rate of wages, try to make their employes work overtime without extra pay, are "drivers," or maintain wet, excessively hot, or improperly heated workplaces. Sometimes the hours of labor are too long, or there is too much overtime; sometimes the worker is underemployed. Here it is a brutal foreman, there one who shows favoritism; in another shop, one too exacting. Sometimes the cause of dissatisfaction is real; sometimes imaginary. Workmen quit for these and a hundred other reasons, often apparently and often really trifling, but sufficient to make them dissatisfied with their working conditions. Trade unions voice their protests against bad conditions by sending a committee to see the firm. The unorganized voice their protest by "asking for their time."

Employers do not realize the number of establishments or parts of establishments, and farms, where the conditions of employment make permanence of employment impossible for workmen. They do not realize how much those conditions increase their cost of production, both by continual change in the labor force and decreased production by those at work. Bad light produces eyestrains that decrease efficiency and help induce various kinds of sickness. Excessive moisture, extremes of heat and cold, draughts, and dust, both increase illness and cause workmen to quit to seek more pleasant workplaces. Sanitary conveniences that are repulsive in type or in lack of cleanliness both anger workmen and spread contagion. Bad food, lousy beds, frost coming up through scanty floors, absence of mosquito nettings, drive men out of many industrial camps as fast as they can be brought in. Fines and petty extortions often keep the workmen in a state of irritation that costs the employer more than the exactions benefit him.

The workman gets little for his toil but the bare necessities of life, and employers cannot expect a loyal, steady labor force when the workman's conditions of employment, or the living conditions forced on him by his employment, do not give him these basic needs. Every employer of labor should have before his eyes some constant reminder that even the humblest laborer works better and steadier when he *likes* his job, *likes* his workplace, *likes* his employer. Many employers have disregarded the fact that *efficiency is increased by contentment.* Those who have realized it have thereby increased their profits and their men's wages. It is the satisfied workman who puts his whole heart into his work. Workmen respond to justice and thoughtfulness on the part of the employer just as quickly as they respond to injustice, indifference. They want to be treated as men, not as hands. Nothing else holds a steady, efficient force. Employers have not realized how intensely human reactions — the very reactions which would dictate their own actions under the same conditions — determine whether or not their men remain with them and the amount of work they accomplish.

The "absence of a sense of loyalty"[1] in many wage earners is a serious matter. No workman can do his best unless his heart is in his work, and hosts of workers have no heart in their work. They work because they have to. Their interest is in the pay envelope. "Workhouse" and "prison" are terms not infrequently used by them to describe their place of employment. This mental attitude, which leads the worker to do as little as he can and yet draw his pay, has grown up in American industry, not mainly as the result of the work of "agitators" but as the natural reaction of human psychology to the existing industrial environment. Agitators have appealed to the attitude and cultivated it, but industry itself is responsible for its existence. Progressive, broadminded and forward-looking employers may, at first thought, be inclined to doubt the statement that our industries have provided a fertile soil and good growing conditions for antagonism and disloyalty in workmen, but they will modify their points of view if they impartially examine some of the experiences of the worker. The minute subdivision of tasks; the cutting of piece rates as soon as the worker earns more than a certain wage; dirty, cobwebbed windows; and a multitude of other conditions which can be found in some of the industries of every manufacturing city combine to produce a distaste for the work and dislike for the employer. Instead of awakening in the workmen a sense of duty to do their best for their employers they arouse in them a determination to do as little as they can.

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[1] "Industrial Good Will," J. R. Commons, McGraw-Hill Book Co., 1918, is an illuminating discussion of the value to employers of employees' good will and methods of cultivating it. Cf. also "The Turnover of Factory Labor," Sumner Slichter; "Hiring the Worker," R. W. Kelly; "Scientific Management and Labor," R. F. Hoxie.

These are but a few of the influences which break down loyalty. Knowledge that his employment will probably be but temporary prevents a worker from taking the interest in his work which he would take if he expected it to be permanent. The failure of most employers to provide definite systems of promotion, the refusal of employers to give wage earners notice that they will be "laid off" at a certain time, and the failure of the employer to show (through some one or more of his officers) a personal interest in his workers, imply indifference on his part to the welfare of his men. Sanitary facilities which suggest that the worker is an animal without esthetic and hygienic instincts; bad light and ventilation and draughty windows; cold workrooms and low wages; and a variety of other influences still further arouse in the worker the convictions: (1) that the employer is interested in him only for what he can get out of him; (2) that the employer thinks he is a better, higher type of man than the worker; and (3) that the employer is an oppressor. The natural reaction is to get all he can out of the employer and give him as little. Inefficiency is inspired where efficiency could be inspired as easily. The employers lose money and so do the workers. And both have their lives more or less embittered and hardened.

5. Industrial Incapacities

Industrial accidents, occupational illnesses, and occupational exposure to the elements constitute another group of industrial causes of idleness which displace a large number of workmen each year, for longer or shorter periods. It is well known that hundreds of thousands of workmen are disabled each year by accidents, and many of them rendered wholly or partly unemployable. The waste of labor power by occupational disease and exposure has not yet been measured, but we know that it is enormous. Idleness due to these causes is particularly costly to the workmen since it both cuts off income and increases expenditures. It is questionable whether our workmen's compensation laws repay to the workmen of America twenty-five per cent of their financial losses due to industrial accidents and occupational sicknesses. The employer who reduces the accident and sickness risk of his business therefore confers a large benefit on his workman. But he benefits himself equally as much. Every time a man is disabled a new man, a green man, must take his place. It costs to break him in, he retards production during his learning period, and in most industries he is an increased source of risk to the remainder of the force.

The effects of industrial accidents and industrial diseases upon the employment and earnings of workmen may be illustrated by a case from the writer's experience.[1]

A Polish laborer in an iron foundry was struck on the head with a piece of iron. He recovered, and returned to work for the same employer, but recurrent sick spells prevented him from working steadily. He was often incapacitated for weeks at a time. The employer gave him work when he was able to work. He stayed with the employer and worked every day that he could possibly stay in the foundry. But he lost more time than he worked, and he made only a common laborer's wages when employed. Seven children depended upon his earnings. His wife had to go out washing two days a week. The two older boys worked irregularly; the older one was not strong (a clear product of mal-nutrition), and the other one kept getting into trouble. The baby died — it had been getting three cents' worth of skimmed milk a day, diluted with water, and the care of a ten-year-old sister when its mother went out to work. The mother died of heart failure after a hard day's work, at the age of thirty-eight. The children were of course doomed to an economic life not much different from that of their parents by the circumstances of their childhood. The writer lost track of this family after the mother's death, but the above history is drawn from his personal observations over a period of seven years.

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[1] For three years the writer had charge of industrial accident and workmen's compensation work for the Minnesota Department of Labor and Industries. The case cited is but typical of hundreds that came under his observation.

6. Health and Employment

Poor health is the most important of all causes of lost time, personal to the workman. Sickness causes more unemployment than any other one cause preventing the workman from working. Not only so, poor physique is a widespread cause of inefficiency. Economic and medical writers have for many years been pointing out the physical inefficiency of large numbers of our people, but there was no general admission of the fact until the army surgeons made their reports upon the drafted soldiers. Then the nation was astounded. Undernourishment, improper food selection, crowded sleeping quarters, ignorance of personal and home hygiene, inadequate medical care, and insufficient convalesence in sickness; drink, vice, and epidemic diseases are among the more important causes of this sub-normal physical efficiency. A considerable proportion of working class children are cursed from childhood with underfeeding and inadequate clothing. Investigation will reveal that the workingman's children, particularly the common laborers, have more sickness and more "children's diseases" than more well-to-do children.[1] Their physical endurance and well-being is diminished throughout their lives by the wearing influence of these disadvantages. Even when we overlook such personal factors as drink and vice, which impair the strength of so many, it is apparent that there are plenty of causes to prevent our workers from achieving their potential physical powers.

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[1] The reports of the Children's Bureau of the United States Department of Labor furnish current data in evidence of the disadvantages which the child of door parents must carry.

7. PERSONAL CAUSES OF IDLENESS[1]

There are well-recognized causes of idleness which are personal to the worker. In some cases industrial conditions have contributed to the development of these personal shortcomings, but in a large percentage of cases they are due to personal, home, or general social causes. Intemperance, vice, laziness, bad dispositions, inability to get along with others, and other personal qualities make men and women impossible as employees or very irregular. A large percentage of the unemployable and irregular workers are feeble-minded or represent cases of stunted mental development. Tuberculosis, rheumatism, and other chronic diseases and disabilities wholly or partly incapacitate others; while temporary sickness, either of the wage earner or in his family, such as typhoid, scarlet fever, and pneumonia, cause loss of time to hundreds of thousands each year.

These personal, non-industrial causes of idleness are so well known that one needs but to mention them. There are other personal causes of idleness and irregularity that are more subtle but do an immense amount of harm. For instance, note the increase in labor turnover which frequently accompanies a sharp increase in wages. It has been noticed again and again in England, France, and America during the war. Instead of taking advantage of the higher wages to improve their economic position, many workers have preferred to work a smaller number of days, earn approximately the same amount per week as formerly, and absorb the benefits of higher daily wages in increased idleness rather than a larger income. Employers of southern negroes, the peoples found on many islands of the sea, and various groups of white laborers have furnished illustrations of the same fact.

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[1] Cf. "Unemployment, A Social Study," Rowntree and Lasker. This is one of the best studies ever presented on this subject. "Unemployment, A Problem of Industry," W. H. Beveridge, Chaps. VI–VII; "One Thousand Homeless Men," Alice Solenberger.

The explanation of this phenomenon is a simple one, but it is very significant. When any one's income exceeds his *standard of living* his incentive to work is removed. He has nothing to work for. The distinction between *standard of living* and *scale of living* must be carefully recognized. One's *standard of living* is in his mind. It is his conception of the way he wishes to live. It is the embodiment of his desires. One's *scale of living* is the way he lives; not the way he wants to live. If one who is living in a tenement wants to own a home; if he patronizes movies when he wants to go to operas; if he walks when he craves an automobile; if he toils six days a week when he wants to spend the winter traveling in Europe; he has a standard of living far above his scale of living. A marked increase in his income would be absorbed in bringing his scale of living nearer to his standard. Higher wages will make him work harder, and the probabilities are that his standard will keep rising as his scale of living rises, thus giving him a continuing incentive to work harder and harder.

But one whose standard of living rises no higher than satisfying his stomach with "something that will fill up" or who has no abhorrence for the crowding of the tenement, is happy when he has a bottle and some cigarettes, and is content with the clothes that come from the second-hand store, has a standard of living quickly attained. He will see no reason for working as long as he has some money in his pockets. "Why should I take a job? I'm not broke," is an expression that is familiar to employment office managers. In the state employment office at Minneapolis we distinguished between men who wanted work and "visitors." At times, one half or two thirds of the men who came into the office to inquire about work had no intention of accepting any. They were "visiting" the various employment offices to "get a line on" opportunities of employment and wages, but would not accept work until their money was entirely gone. Then they wanted a free shipment to some camp so that they could sleep in a warm train and get their meals at the employer's expense until payday. Their standard of living and scale of living were identical. Certain crude physical wants and an amount of mental and nervous excitements included them both.

The defect in these men is a defect in vision, a wrong sense of values. Ambitions have died or have never been awakened. The future holds no hope. There is no lure to a higher scale of living. The mind is sordid and it leaves the hands nothing to strive for. Either the intellect is subnormal, the education defective, or the personality dragged down by ignorance, drink, and vice. Often all of these influences are present, for each of them tends to cause the presence of the others. Employers who are far-sighted enough to help their employees attain higher standards of living soon find that they have a higher standard of employees, for the men are soon busily engaged in trying to bring their scale of living up to that higher standard. Employers who prefer that their men shall be ignorant and coarse, and live accordingly, as has been true in some steel manufacturing, mining, and other industrial districts, and in many lumbering, railway, and agricultural camps, inevitably attract to themselves an irresponsible, unambitious, and unstable class of labor. In other words, working efficiency is impossible without spending efficiency. *People must know how to live if they are going to know how to work.* A mind which is focused on improvement, and which has ambitions for better living, is essential for the production of a state of mind that produces enterprise and energy in work. Another peculiar fact about these high and low standard types of minds is that the man whose mind is so awakened that he has a standard of living beyond his present attainment often falls farther behind his standard as he advances in earning capacity. His mind advances faster than his earnings. Instead of weakening, his stimulus gets stronger as he proceeds. But the man *whose scale of living is his standard* does not raise his standard. He lives in his slough, unless some violent new force comes into his life to catch hold of the ebbing self-respect and put him on his feet again.

8. Non-Industrial Causes of Idleness

The causes of idleness which we have discussed thus far have all been related, directly or indirectly, to working conditions or the economic motives of workers. There are also non-industrial causes of idleness. Fires are perhaps the most common of these extra-industrial forces. Thousands of industrial plants are either destroyed or crippled by fire in the course of each year, throwing tens of thousands of work people out of employment for longer or shorter periods, and forcing many of them to seek work with other employers. Widespread epidemics like the influenza epidemic of 1918; disasters like the San Francisco earthquake and the Galveston flood, or like the floods which almost annually disturb transportation, close factories, and otherwise disturb business in Ohio, Michigan, and many other states during the early spring; cyclones; waves of excessive heat; unusually heavy falls of snow such as seriously disturbed production through most of the northern states in the winter of 1917–18, suddenly and unexpectedly cut off for the time being the livelihood of many people. The fact that these causes of unemployment largely lie outside human control does not permit us to ignore their existence. They increase the amount of idleness each year. They often produce extremely acute poverty situations. And it is possible, as we will show later, to have our labor market so organized that we will not have to depend entirely upon charity for the relief of these situations.

9. Incidence of Unemployment

There are two distinct problems which arise in connection with the causes of idleness. The first is, "Why do workmen lose time?" and the second, "What determines which particular workman will be the one to be idle?" We have been discussing the first of these problems, and will now pass to the discussion of the second.

Unemployment, irregular employment, and underemployment do not fall with equal force upon all members of the working class. If economic conditions are such that some men must be laid off by their employers, those will be dismissed who are least desirable. The personal qualities of the workmen determine to a large extent *which individuals* will be selected for dismissal.[1] The fact that a man is inclined to be lazy, insubordinate, irregular, irresponsible, or is a poor workman may be the reason why he rather than some one else is unemployed, though in no sense the cause of there being unemployment. The fact that a workman is steady and efficient may likewise be the reason why he holds a steady job, without in the least increasing the total number of employees kept by his employer. In considering the personal factor in our study of employment it is therefore necessary to recognize the fact that the unemployed are not, on the average, the equals in physique, efficiency, or character, of the employed. Many reliable workmen are out of employment on each day of the year, but they represent the accidental, rather than the typical, element among the unemployed. On the whole, the efficiency, man for man, of those out of work, is not equal to that of those at work. Unemployment falls first upon the heads of the least desirable workmen. Our programs for reducing unemployment must not lose sight of this fact.

We have already pointed out that the fluctuations of unemployment divide our working class into four groups: those who work steadily through the year; those who work more or less steadily but regularly work at two, three, or several jobs in the course of the year; the casuals, who never work more than a few hours or days, or a week or two at a time; and those who are on the lower fringe of the casual group and so nearly unemployable that they work but seldom and very little. Their main dependence is charity rather than labor. It is important that we now consider this fact a little further in its relation to the personal types of the unemployed.

Almost every industry and establishment has a considerable fraction of steady men who are employed throughout the year.[2]

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[1] "Unemployment, A Problem of Industry," W. H. Beveridge, p. 134.

[2] A clean-cut illustration is afforded by the description of gas works labor in Webb's "Seasonal Trades."

In some industries it is ten per cent, in some it will reach ninety per cent. Probably fifty per cent of our entire working class is included in this group. Except in times of severe industrial depression, they work year in and year out. In some businesses this group loses days from time to time or may even lose a few weeks at some period in the year; in others they lose no time except for sickness, vacations, and similar causes. But even when unemployed for short periods these men have no worry about employment. They know that they have work that they can depend on, a job to which to return, a job that will give them somewhere near a full year's wages.

Most industries likewise have a group of irregulars who are hired for the busy season and dropped when the dull season arrives. They also employ some casual help for short jobs.

This industrial cleavage between steady work and irregular work naturally leads to the cleavage we are speaking of among the workers. *It tends to separate out certain workmen for steady work and others for unsteady.* Industrial depressions, violent seasonal fluctuations in the demand for labor, the bankruptcy of an employer, and similar causes at times throw some of the steady men out of employment, but the other group of workers are normally unemployed a considerable part of their time. And the very unemployment which is meted out to them by competition as a penalty for their inefficiency, in turn accentuates that inefficiency and paves the way for worse inefficiency.

It is very important that we recognize this distinct cleavage among the workers. It is clearly revealed in every investigation that has looked into the point.[1] The records of trade union benefit societies show that it is the same group of men that are found most frequently on the unemployment relief rolls; while the records of public employment offices show a definite group of laborers, skilled and unskilled, returning again and again through the year looking for work. The Ohio reports, for instance, show that from one fourth to one third of the applicants for work are "renewals"; *i.e.*, are previous customers.

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[1] Cf. "Unemployment, A Problem of Industry," Beveridge. Chapter VII of this work was the first clear demonstration of the point.

The causes which produce these labor types are as varied as the causes which determine human personality. Some men are born with a steady, industrious temperament; others are by nature unsteady, flighty, poorly balanced; some are intelligent, others handicapped by sadly limited mental powers. Some are brought up by "level-headed" parents in a healthy moral atmosphere and trained into good habits, both of working and living. Others are fathered by drunkards and mothered by slovens Some have good schooling; others practically none at all. Some start life with the chances in their favor and make shipwreck of the venture through their own fault. The accidents of fortune which enable one to get steady employment when he starts his working life, while another is compelled to shift from job to job and place to place, separate a group of the steady workers on the one hand from a group of irregulars on the other.

10. The Unemployable

The problem of industrial idleness would be much simplified if all idle persons were idle simply because they could not get work. Unfortunately, as we have stated previously, there are those who *will* not work, those who are not able to work, and those who are inefficient, as well as those who are able and willing to work but cannot get work.

We have the unemployable on our hands as well as the unemployed, and they constitute a sociological or medical problem, rather than a purely economic problem. Many of them are apparently able-bodied, but their moral values are disturbed. Others are mentally or morally incapacitated. Many unemployables are idle but not seeking employment; others seek employment but hope they will not find it; and a third group desire to work but are incapable of holding a position. Part of the present unemployables could be made capable of employment by medical treatment combined with some sort of industrial training or preparation for employment, who at present are either semi-criminal or criminal social parasites who subsist on society without earning their subsistence, or are proper persons for charitable care. In statistics of unemployment they are ordinarily included among the unemployed but do not constitute any true part of the labor supply. W. H. Beveridge has described the type who will not work in the following words: "Each of these is in truth as definitely diseased as are the inmates of hospitals, asylums, and infirmaries, and should be classed with them. Just as some suffer from distorted bodies and others from distorted intellects, so these suffer from a distortion of judgment, an abnormal estimate of values, which makes them, unlike the vast majority of their fellows, prefer the pains of being a criminal or a vagrant to the pains of being a workman."[1]

This strictly "unemployable" class might logically be excluded from consideration in a study of unemployment. They are not affected one way or the other by the fact of unemployment, except that some of them are at least in part the products of unemployment at an earlier period in their lives. But it is not possible entirely to exclude them from consideration. They shade off gradually into those who work occasionally but either cannot or will not retain regular employment, such as the casuals who are found hanging around free employment offices seeking short and easy jobs.

The unemployable may be roughly divided into two groups: those who are rendered unemployable by physical or mental defects and those who are made unemployable by moral defects. In many cases the physical or mental defects will lead to moral defects. In others, moral defect is the cause of physical or mental defect. It is not always easy, therefore, to definitely classify an individual since he manifests both types of deficiency. But the distinction is nevertheless important. The treatment of the two classes of cases must be radically different. The first group makes a stronger claim on the average citizen's interest than the second. The degree of social responsibility for the human product is different in the two classes of cases. Industrial conditions are probably more responsible for the physical and mental defectives than for the moral defectives.

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[1] "Unemployment, A Problem of Industry," p. 134.

Economic and educational reforms could perhaps accomplish more for the first type than for the second.

II. SOCIAL COSTS OF UNSTEADY EMPLOYMENT

The cost of unsteady employment to society is a topic that has been frequently and ably presented.

The first and most apparent effect of unsteady employment is its effect on wages. And it is one of the most important effects. Our incomes are one of the determining factors in our lives. They determine, to a considerable extent, where we can live, how we can live, and what opportunities we can give our children.

Unsteady employment affects wages in four ways: it reduces the amount of the workman's earnings; it causes irregularity of income; it produces uncertainty of income; and it decreases his efficiency. It, therefore, cuts down both present earnings and future earnings. Financially considered, it probably reduces the annual earnings of American workers more than any other type of misfortune to which they are exposed. Here and there industrial accidents, sickness, a bad investment, or some other misfortune may bring more serious adversity to an individual family or even to an individual community, but no other form of industrial adversity impairs the livelihood and seriously decreases the earning power of so many working people. The figures cited in the previous chapter showed that from one to several million employees are out of work in the United States at all times. The personnel of the group changes, but the group is ever present. In addition, there are large numbers who are irregularly and insufficiently employed.

What this means to the workers may be suggested by a brief consideration of the results of unemployment in Chicago in the winter of 1913–14.[1]

The report of the county commissioners of Cook County, Illinois, for 1913–14 shows that 250,000 residents of Cook County received charitable aid during the year; one in ten of the total population. The United Charities alone received applications for help from 20,628 families, comprising over 80,000 people. During the previous year they received applications from but 14,269 families with 56,000 individuals. In 1913–1914 when over 20,000 families asked help, 9514 were in need because of unemployment, and 888 because of insufficient earnings (underemployment). Unsteady work caused a little over one half of the applications for help. In 1912–13, when but 14,269 families applied, only 2066 were cases of unemployment and 817 of insufficient earnings. Only 20 per cent of the cases, therefore, were employment cases. The entire increase in charitable calls in 1913–14 over 1912–13 (as measured by the experience of the United Charities) was due to the increase in unemployment. If but 20 per cent, instead of 50 per cent, of the calls for help in that year were due to unsteady work, it would certainly be matter for serious consideration.

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[1] The illustration is simply selected as a typical case. The conditions it reveals are common throughout the United States and in Europe.

But let us carry the analysis a step further. Twenty-five hundred and thirty families applied for help in 1913–14 and 1330 in 1912–13 because of the birth of a child. This was 12 per cent of the total number of cases in 1913–14 and 9 per cent of those in 1912–14. These cases, too, were due to insufficient earnings — to unemployment, underemployment, and low wages.

The effects of irregular employment upon income may be further illustrated by a few figures gathered in recent investigations. In Connecticut it was found that the actual earnings of 942 cotton mill workers fell 13 per cent below full-time earnings; of 1175 silk workers 18.2 per cent below full time; of 662 brass workers, 14.3 per cent below; of 701 hardware workers, 14.1 per cent below, and of 2541 metal workers, 13.9 per cent below.[1]

The New York Factory Investigating Commission found that 62.1 per cent of the paper box workers investigated in New York City, and 63.4 per cent of the confectionery workers, fell more than 10 per cent below full-time earnings.[1] The Commission comments on these and similar figures in the following words:[2] "This study of the actual incomes of working women brings out clearly the indisputable fact that rate of pay is but little indication of income; . . . it is found that for trained and experienced workers also, the actual income falls from 10 per cent to 20 per cent below the possible income based on rate of pay." Regularity of employment is as vital to the worker as a living wage. It is inextricably bound up with the question of what wages are necessary to maintain the employees of any given industry. No worker can count on casual or supplementary work to fill in the time lost by industrial fluctuations of employment. No worker can count on less than the usual expectancy of sickness. The question of irregularity of employment is a very vital one to the woman earning wages barely sufficient to maintain her even when she has steady work.

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[1] Connecticut Commission of Wage Earning Women and Minors, Report of February 4, 1913.

The records of the Charity Organization Society of New York revealed in 1911 that the majority of those who applied for relief were men of unskilled occupations, and "the skilled trades represented were those which are highly seasonal in their demand for labor. Thus about half the men were laborers, teamsters, or longshoremen and about 15 per cent belonged to the building trades. Laborers and the building trades were the two most highly represented callings." "Irregular or casual employment is characteristic of unskilled labor and seasonal fluctuations mark the building trades. Despite the high wages in the latter, the discontinuous employment seems to have a demoralizing effect."[3]

The New York Society for Improving the Condition of the Poor declared the same year that[4] "70 per cent of our applicants would probably require no outside aid if work could be regular and continuous, and wages proportionate to service rendered and price of living," and of the remaining 30 per cent they state that two thirds would fail of self-support only because of "poor management or general inefficiency" and that their need would consist largely of "direction and educational attention."

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[1] Fourth Report New York Factory Investigating Commission, 1915, Vol. II, Appendix IV, pp. 512, 513.

[2] *Ibid.*, p. 511.

[3] New York Report on Employers' Liability and Unemployment, Appendix VII, p. 148.

[4] *Ibid.*, p. 151.

The reports of the Massachusetts Commission on Minimum Wage Boards furnish additional facts on the depreciation of annual earnings. They found that although 72.8 per cent of the workers in the women's clothing industry were rated to earn $6 a week or over, only 49.9 per cent actually earned it.[1]

The suggestion of Frank Julian Warne that a man out of work "is not a problem for anybody" "as long as he is able to take care of himself" will not be questioned by anyone who looks at irregularity of employment as a charity problem, but will be disputed by every one who recognizes that unemployment, whether it leads to charity or not, is a menace to the security of family life; a source of demoralization to character, and a preventive of adequate training of children. Few who have studied the employment situation will coincide with his comments on the seasonal trades:

> "Take the men of seasonal occupations; it is very much a matter of doubt in my mind, whether a seasonal occupation is a problem of unemployment. I am inclined to think it is more a wage problem. For instance, if a man is out of work three months of the year, if he is able to take care of himself, if he has earned during nine months enough money to take care of himself during three months, it is no more of a problem of unemployment than if a man is idle one day out of seven. I would say, as a general statement, this great problem of building trades, a seasonal occupation, is not a problem of unemployment at all. There may be certain numbers of men engaged in those trades that fall into the unemployed class, but as a rule, they all get sufficiently high wages to take care of themselves the rest of the year. . . . My idea is to find out, as far as possible, the definite, concrete facts as regards the effect of unemployment, then find out as much as possible about the definite, concrete causes of unemployment. My own idea is that there is no cure-all; Mr. Bates' rec-

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[1] Bulletin No. 9, September, 1915, "Wages of Women in Women's Clothing Factories in Massachusetts."

ommendation that you distribute labor is only an insignificant small part of the problem of unemployment."[1]

The Massachussetts Minimum Wage Commission found that more than one half of those scheduled to receive over $8 a week in retail stores failed to get it,[2] and that a similar situation obtained in the paper box factories.[3] They found that though only 24.8 per cent of the employees in candy factories were supposed to draw less than $5 a week, 49 per cent actually fell below that amount.[4]

Three hundred and sixty-five trade unions in New York reported in 1909 that but two thirds of their members worked the year round; 191 reported an average dull season of three and one third months, while 211 showed an average loss in wages of 20.9 per cent. The figures for unskilled labor would, of course, be at least as bad.[5]

It is impossible to tell how much the actual earnings of America's laboring classes in the course of a year fall short of their potential earnings because of loss of time. Neither is it necessary. Any one who reads our preceding chapter knows that the loss of wages sustained by our workers is enormous. He knows that millions of families receive ten, fifteen, twenty, or twenty-five per cent less wages in the course of a year than they would receive if wage earners worked full time.

Irregularity of earnings has almost as vicious effects as their absolute reduction. It prevents intelligent expenditure of the income, encourages improvidence, and prevents planning of purchasing. It leads almost inevitably to extravagance when earnings are good, and debts when work is slack.[6]

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[1] Report of New York Commission on Employers' Liability, April, 1911, Appendix XI, pp. 175–176.

[2] Bulletin No. 6, March, 1915, "Wages of Women in Retail Stores."

[3] Bulletin No. 8, September, 1915, "Wages of Women in Paper Box Factories."

[4] Bulletin No. 4, October, 1914, "Wages of Women in Candy Factories in Massachusetts."

[5] Report of New York Commission on Employers' Liability and Unemployment, 1911, pp. 162–163.

[6] For specific illustrations see Volume XVI, Report on Condition of Woman and Child Wage Earners in the United States, Senate Document No. 645, 61st Congress, 2d Session, on "Family Budgets of Typical Cotton Mill Workers."

It is not difficult to get plenty of illustrations of the wage losses of specific industrial groups due to irregular work. The reports of the New York Factory Investigating Commission, the Massachusetts, Connecticut, Washington, Oregon, and other minimum wage commissions, and some of the bulletins of the United States Bureau of Labor Statistics abound in data. Since our interest is in the readjustments in industry and in employment methods that will mitigate the situation, rather than the statistics of unemployment, we will not delay longer to prove a case that has been proved again and again.

Unsteady employment attacks the worker's efficiency in so many ways that probably no one could enumerate them all. It undermines his physique, deadens his mind, weakens his ambition, destroys his capacity for continuous, sustained endeavor; induces a liking for idleness and self-indulgence; saps self-respect and the sense of responsibility; impairs technical skill; weakens nerve and will power; creates a tendency to blame others for his failures; saps his courage; prevents thrift and hope of family advancement; destroys a workman's feeling that he is taking good care of his family; sends him to work worried and underfed; plunges him in debt. Mr. John A. Hobson has wisely stated that, "Though the physical, moral, and social injuries, due to alternating periods of over- and underwork, are generally admitted, the full costs of such irregularity, human and even economic, are far from being adequately realized, . . . by the workers themselves and even by social reformers, the injury inflicted upon wages and the standard of living by irregularity of employment is appreciated far more adequately than the related injury inflicted on the physique and morale of the worker by sandwiching periods of overexertion between intervals of idleness."[1]

The case is even more powerfully presented in Webbs' "Seasonal Trades" (p. 51): "All who have experience of such situations testify to the nerve racking effect of habitual running into debt with the prospect of paying out of the wages of uncertain future employment.

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[1] "Work and Wealth; A Human Valuation," J. A. Hobson, 1914, pp. 79–80.

". . . As a matter of fact, the nervous reactions to such demoralizing influences are so powerful as to transform many strong-willed, well-intentioned workmen into the irregular material that overfills the army of casual labour or even into the will-less, hopeless, indifferent objects called the unemployable. Demoralisation, moral and physical, is the inevitable result. One foreman speaks vividly of the effect of a spell of unemployment. The man's skill deteriorates, because he does not get enough food for a start and is not half worth his money. . . . I naturally have to get a job out as quickly as possible; it is my duty to do so. If I employ a man who cannot do his work and he fails in an hour or two because, perhaps, he has not been fed for weeks as he ought to have been, I have to dismiss him. I do not know the cause of the failure, and I do not ask the cause. I cannot go to him and say, 'My man, have you not had anything to eat for a week?' or something of that sort. I simply say, 'Come to the office and get your money.'

"It is a generally admitted fact that regularity of employment is essential for the preservation of the physique and morale of the worker. A keen observer, and one well acquainted with conditions in London, says that the poverty that is due to low wages is, in London, less in volume as well as less acute than that which is consequent on some form of lack of work. He quotes the words of a workingman, who says: 'The great curse of a journeyman's life is irregularity of employment. When I thought it likely that I should be thrown out of employment it seemed to paralyse me completely, and I used to sit at home brooding over it until the blow fell. . . . The fear of being turned off is the worst thing in a workingman's life, and more or less acutely it is almost always, in the case of the vast majority, present to his mind.' "

The New York Commission says:

"The effects of unemployment as gathered from the records in these cases illustrate very strongly what the most dangerous results of unemployment are. First, is the fact that when a man is thrown out of regular employment he is likely after a time to take any job that is offered. This draws him into the great group of irregular, casual laborers. At first, unable to get steady work, he soon becomes unable to work steadily, even if the work be available. Secondly, the unemployed workman with a family to support is apt to resume work after a period of idleness at a wage lower than his real earning capacity. The necessity of his condition compels him to accept any wage that is offered. Thirdly, the lower earning capacity of the men compels the women to go out to work, and that means several children neglected. And fourthly, the children neglected while they are under the legal working age are sent to work as soon as the law allows. The reason that we found such few cases in which children were contributing to the support of the family is that they were too young. As soon as they reach the legal age they help to keep the family self-supporting; but they are seldom trained in any occupation which will make them capable of supporting a family when they grow up; for that means a period of apprenticeship with little or no earnings, and the family needs the earnings of the child at once. Thus is the cycle repeated. The present family's self-support is secured by making the future generation liable to dependency." [1]

Commissioner John Mitchell, summed up the whole matter in a nutshell when he said:

"All the data regarding unemployment is so very easy of access — you can be simply smothered in information regarding the volume of unemployment. People cannot get jobs; there is no use talking; the thing is to arrive at a remedy." [2]

Mr. Lyndon Bates also stresses the need for action:

"To get down to this particular subject about the fact of unemployment, I believe anybody who has been in politics in New York, and had an average of about ten men a day at times come up looking for work, and simply going to their assemblyman or alderman because he is the outward and visible sign of officialdom, where you see apparently about half of those men are clean, decent, hard-working people that simply cannot get work, you could get a pretty good idea of the fact that very certainly unemployment does exist, and when you have seen those men in the course of a year or two years go down into the lower ken you cannot help feeling a certain amount of sympathy and a desire that some of the brains and some of the intelligence of the body politic be put into this problem."[1]

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[1] Report of the Commission on Employers' Liability of the State of New York, April, 1911, p. 150.

[2] Commissioner John Mitchell in Report of New York Commission on Employers' Liability, April, 1911, Appendix XI, p. 173. Cf. also "Misery and Its Causes," E. T. Devine, especially Chaps. III and V.

[1] Lyndon Bates in Report of New York Commission on Employers' Liability, April, 1911, Appendix XI, p. 169.

CHAPTER IV

LABOR TURNOVER

Ten years ago the expression "labor turnover" was known only to a limited number of employment managers and business men. Five years ago it had become a familiar term in employment offices and among a somewhat larger group of employers. During the war the idea of "labor turnover" became familiar to the nation. Ten years ago literature on the subject was hard to find. To-day books, magazines, technical papers, and even the daily press abound in discussions of the subject. The nation is now awakening to the menace of ceaseless shiftings of labor as it awakened between 1907 and 1912 to industrial accidents, and as it has been awaking for the last fifteen years to its need for some adequate system of industrial education.

Labor turnover, or the shifting of workers from job to job, is found throughout our industries. Technically speaking, turnover occurs whenever a workman's employment is terminated and another person is employed in his place. He may have died, obtained advancement with another concern, gone into business for himself, or quit to "join the leisure class." Practically only that turnover due to preventable causes, and which produces a loss either to individuals or to society, is worthy of discussion. It is therefore necessary to distinguish at once between normal or necessary labor turnover, and abnormal or unnecessary turnover.

Normal turnover occurs when workers leave their employment for death, serious or chronic illness, a disabling accident, old age, to continue their education, to go into business or on a farm, to marry, to accept a better position with another employer, or similar reasons. Abnormal turnover occurs when the severance of employment is due to such causes as careless methods of hiring, discharging, and handling men; to wages lower than those offered by competing establishments; to unhealthy or disagreeable shop conditions; unfair systems of computing or paying wages; the wanderlust of workers; the unreliability or unsteadiness of employees, the excessive fluctuation of labor demand described in our second chapter, and the labor supply. Such turnover seriously decreases national production; wastes and destroys labor power; prevents a large part of our labor force from developing that efficiency which is possible to it; increases unemployment and underemployment; and impairs the quality of the man (and woman) power of the country.

The labor turnover which we called "normal" simply constitutes one of the facts of life to which we must adjust ourselves with the fewest words possible. It is at times irritating, but does not constitute an industrial problem. Indeed it is in many cases a distinct benefit.[1] Abnormal turnover, however, is a distinct menace to our social welfare. In discussing it, we are considering the labor reserve of our first chapter, the fluctuating demand for labor of our second chapter, and the occupational idleness of our third chapter from another point of view. We are now discussing the process of labor shifting as a serious evil in itself. "Labor turnover, which is a group phenomenon and not an individual question, suddenly looms up as an intangible overhead cost. The employee or superintendent or publicist who fully grasps all that is implied in this profound subject of labor turnover will be in a position to meet the critical problems of the future." [2]

Abnormal labor turnover is due to a variety of causes.[3] Our first chapter demonstrated that a continuing, decentralized labor surplus in a country devoid of an organized labor market naturally leads to incessant changes in the personnel of employers' labor forces. Our second chapter showed that the fluctuations of labor demand, alternately suck workers into industry and cast them out; both forcing a considerable portion of our wage earners to depend upon irregular work for a livelihood and training them in unsteadiness. In Chapter III we pointed out non-industrial and personal causes of the instability of workers. In Chapter V we will show how better methods of training workers can increase the steadiness of their employment and produce a greater capacity for working steadily. Our discussion of the causes of labor turnover in this chapter is therefore but supplementary to the facts suggested in these other four chapters.

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[1] Cf. "Labor Turnover," George J. Eberle, *American Economic Review*, March, 1919.

[2] John R. Commons, in "The Turnover of Factory Labor," Sumner Slichter, 1919, p. xiv.

[3] Much information on turnover is scattered through other chapters. Chapter III must be read with Chapter IV. The index contains other citations.

The essential fact, with respect to labor turnover, is that fully half of our labor passes through our industries rather than into them. Employers clamor for more men while they let those they have slip through their fingers. Workers complain of lack of work, though yesterday they made no effort to hold the jobs they had. "Suddenly it is found that one of the greatest costs of labor is not the inefficiency of the individual but the lack of good will as a whole."[1] A certain proportion of our employers have inaugurated definite labor policies calculated to hold a steady labor force for their businesses and have achieved a success that has surprised themselves. Half of our workers, more or less, have fitted themselves into some industry and become a part of its permanent labor force. Why does a procession of workers pass through the plants of the rest of the employers? Why do a large part of the workers keep step in that procession instead of becoming a part of some specific business? Dr. Sumner Slichter[2] has given us a somewhat thorough analysis of the causes of labor turnover in factories. He distinguishes eight general causes for the shifting of labor: (1) Reduction of the labor force by the employer on account of reductions in output due to industrial depressions, seasonal fluctuations of business, completion of contracts, and other decreases in his need for labor. (2) Disagreeable characteristics of the job, such as low wages, irregularity of work, excessive hours, Sunday work, lack of opportunity for advancement, or distance from the workman's home. (3) Faulty methods of handling men. (4) Disagreeable relations with fellow workmen or quitting to leave with a friend. (5) Causes pertaining to the worker, such as wanderlust, desire for a change, ill-health, age, death, marriage, or lack of fitness for work, insubordination, laziness, or mischief making. (6) Attractive opportunities in other places or other establishments. (7) Dislike for the community in which the work is or of bad camp conditions, or desire to go to a particular community. And (8) conditions in the family of the worker, such as desire to move to another community or locality for the sake of the family, or sickness in the family that causes quitting of a certain job. Add to these the competitive recruiting of labor by employers, the lack of an adequate public employment office system, and the migratory habits engendered in the American people by the industrial allurements which appear now here, now there, in a developing country, and we have mentioned the important causes of rapid turnover of labor in America.

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[1] John R. Commons in "The Turnover of Factory Labor," Sumner Slichter, 1919, p. xiv. Cf. also "Industrial Good Will," John R. Commons, 1919, for a thorough study of this conception.

[2] "The Turnover of Factory Labor," Part III. This book is the most thorough treatment of the subject available. Cf. also "The Problem of Labor Turnover," Paul H. Douglas, *The American Economic Review*, June, 1918, Vol. VIII, No. 2, p. 306.

The migratory habits just referred to have probably received less emphasis in this connection than they are entitled to. Mechanics, laborers, clerks, salesmen — all sorts of workers — are continually influenced by the characteristic American hope that there is a big opportunity *somewhere else* for them. The very ambition which is a spur to progress in America is also a force which causes restlessness in the job and leads to failure in thousands of cases. The spirit of the frontier, which has done so much for our development, has produced its unfortunate by-products. Like a will-o'-the-wisp, it leads multitudes of our people from job to job and place to place until many have their feet entangled in a slough of irregular habits and inefficiency. There is only one way to become an expert, whether at washing dishes, digging ditches, or making watches or battleships. It is by study and practice. The man who changes jobs frequently and drifts from industry to industry never learns any occupation thoroughly. But this is not all. Irregular work produces its results. First the worker drifts, and then he can't anchor.

It is not possible to estimate the cost of excessive turnover of labor to the nation. We know that the cost is enormous. The employers' losses have been estimated at from $20 to $250 per extra man hired; the exact figure depending upon the degree of skill required by the work, the extent to which the new man slows down or impairs the work of fellow workmen, and the period of time which elapses before the new worker is able to reach his maximum productivity. It takes the time of executives to interview, hire, and break in the new employee; machinery and appliances are not used to the best advantage during the learning period; more materials are wasted; plant wear and tear is increased; more accidents occur; there is loss of good will and business due to mistakes of inexperienced help; and the esprit de corps of the business is lowered by the influx of strangers. When the turnover is large it is not possible to train the new employees thoroughly, and the average efficiency of the whole force is kept at a lower point.

The workers' losses are equally large. Their earning power is wasted while unemployed; they have to accept lower wages when at work because they are not so efficient as if steadily employed; the skill they acquire on one job is frequently valueless when they take up the next one; their character and working ability are deteriorated by frequent idleness and shifting; they have greater accident exposure; they find it increasingly difficult to obtain work after they are forty years of age; and they are sapped of ambition when they are at work by the knowledge that they will soon be discharged.

The worker who is subject to frequent changes of employment is robbed of that elemental self-respect which is the dear possession of the man who has an occupation, however humble, in which he sees himself performing some useful part in the world's work. The shifter is industrially homeless; and a home — domestic, political, religious, and industrial — is one of the needs of human nature. A man cannot have the proper attitude toward his work or his life who is constantly made to feel that no industry needs him.

The impairment of industry's efficiency and the waste of labor's efficiency record themselves in an increased cost of production. There are few American commodities whose price is not increased by an extra labor cost due to turnover. The employer, the worker, and the consumer all suffer heavy financial losses. And in addition to that, society's burden of poverty and misery is unnecessarily increased.

No one knows, even approximately, what the total unnecessary turnover is in American industry. A number of investigators have given us fragmentary but extremely suggestive figures in specific groups of establishments. Dr. Slichter cites one group of 105 plants with 226,038 employees in which 225,942 new employees were hired in the course of a year — a turnover of almost exactly one hundred per cent. One of these plants had a turnover of but eight per cent; another a turnover of 348 per cent. Eleven of these plants hired more than twice as many employees in the year as the average number on the pay roll; but twenty-one hired less than one man for each five on their annual payroll. In other words, the eleven hired more than ten times as many men in proportion to their average labor force as the twenty-one. Dr. Slichter's investigations, which were perhaps the most exhaustive of any student of the problem, led him to the conclusion that, *on the average, in factory industries*, the labor turnover equals about one hundred per cent. Most authorities agree that a twenty per cent turnover is all that is necessary. This average, however, conceals rather than illuminates the situation. His detailed figures show that in the plants he studied, fifteen or twenty per cent had a low labor turnover, hiring one employee in a year for each four or five on the payroll; that approximately one half put from a little less to a little more than twice as many names on the payroll in a year as the average number employed; and that thirty or forty per cent hired from two to six times as many as their average labor force.

The New York Factory Investigating Commission found that seven New York department stores in 1913, which had a total average labor force of 26,628 employees, hired 42,444 new employees; a turnover of approximately 160 per cent. One firm with 3750 employees hired 12,159 during the year, and a second with 3500 employees hired 8155. But another with 3497 employees hired only 875.

Paul Douglas has brought together some of the available figures on turnover in specific groups of plants.[1] He shows that W. A. Grieves found a turnover of 157 per cent in twenty metal plants in the middle west in 1914; Magnus Alexander found a turnover of 83 per cent in twelve plants in six states in 1915; Boyd Fisher found a turnover of 252 per cent in fifty-seven plants in Detroit, Michigan, in 1916; the Ford Automobile Company had a turnover of 416 per cent in 1912–13, which they reduced to 57 per cent by constructive labor policies later; a Philadelphia concern had a turnover of 100 per cent in 1911; the carding department of a certain cotton mill had a turnover of 500 per cent. But these figures, startling as they are, are easily eclipsed. The writer found a turnover of 400 per cent on a construction job that lasted three years, and a turnover running from 500 to 1000 per cent is not uncommon among lumber camps, and on railroad and construction work. The writer was recently informed by the superintendent of a manufacturing establishment in Wisconsin employing 2000 men that they hired, on an average, 1000 men a month, a turnover of 600 per cent. The United States Bureau of Labor Statistics reports an average turnover of 224 per cent in twelve establishments about San Francisco Bay during 1917 and 1918.[2] One can safely assert that the average turnover in American industry is over 100 per cent.

The turnover for juvenile labor is especially high.

[1] *American Economic Review,* Vol. VIII, No. 2, June, 1918, pp. 308–309.

[2] *Monthly Labor Review,* Vol. VIII, No. 2, February, 1919, pp. 45–62.

"The Board of Education of Rochester, New York, found that boys between the ages of fourteen and sixteen changed their jobs on the average of every seventeen weeks. This is a turnover for juvenile labor of over 300 per cent. The employment records of Swift and Company of Chicago show that the average term of employment for a boy in their service was only three and a half months. This means that nearly three boys and a half are employed every year for each position, or to be accurate, that there is a labor turnover of 342 per cent. Figures from Indianapolis, Indiana, show that of 6710 jobs held by children leaving school, 7 per cent were for less than two weeks; 15 per cent for less than a month; 30 per cent for less than two months; and 48 per cent, or practically one half, for less than three months." [1]

These conclusions are corroborated by English investigations.[2] The first chapter of Rowntree and Lasker's "Unemployment" is particularly valuable in its demonstration of the definite relations between "blind alley" occupations and a habit of shifting on the part of juvenile, and later adult, workers.

The reduction of abnormal turnover of labor is one of the important problems for which American industry, the American educational system, and an American employment service must develop definite and adequate policies. No one of them can accomplish the entire task alone.

It must be recognized, in the first place, in any program of turnover reduction, that the shifting of workers from plant to plant is characteristic *of a fraction of the labor force*, *not of the entire labor force.* The point has already been made that a considerable percentage of the wage earners work steadily for the same employer or at least at the same occupation and in the same locality; that another large group work as steadily as the fluctuating labor demand permits, and that the high turnover of labor is localized in a minority of the total labor force.

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[1] "The Problem of Labor Turnover," Paul H. Douglas, *American Economic Review*, June, 1918, Vol. VIII, No. 2, p. 309; Final Report, Industrial Relations Commission, Vol. II, pp. 1315–1337.

[2] "The Prevention of Destitution," Sidney Webb, p. 135. Cf. also, "Unemployment in Lancashire," Chapman and Hallsworth, Chap. V; "Unemployment, A Social Study," Rowntree and Lasker, Chap. I.

The problem which confronts us is to develop policies that will check the frequent change of jobs by that portion of the labor force with whom changing jobs has become or is becoming a habit.

The task, as already suggested, is one that requires coöperation between industry, education, and an organized labor market. Industry holds the key to success in its hands. Nothing that the educational systems or an employment service can do will materially reduce labor turnover if industry fails wholeheartedly to undertake its part of the work. But American industry is not going to fail. Progressive American employers have already inaugurated new labor policies in their establishments which have materially reduced their labor turnover. They have demonstrated what can be done by the employer, and have contributed valuable experience on methods.[1] They have shown that new methods of hiring, training, supervising, transferring, and promoting labor will mitigate or eliminate many of the industrial causes of turnover. They have discovered that a closer knowledge of the personal points of view, prejudices, and problems of their workers enables them to overcome many factors personal to the individual worker which would have led to irregularity of employment.

Industry's objectives must be the selection of employees fitted to the work to be performed; the stabilization of production to give those workers the greatest possible steadiness of employment; and the creation of working conditions and opportunities that will cause the workers to *want to stay* with the establishment when they are employed. The writer ventures to suggest that an essential element of success in this endeavor must be the creation of opportunities for self-advancement. It is impossible to keep the energetic workman in an establishment if there is no hope of better wages or better work there. Ambition is one of the causes of labor turnover. Not all workers shift because they lack the steadiness to remain. Many seek with a new employer the opportunities which their last employer neglected to provide. This is true of thousands of workmen, even common laborers, whom employers believe are simply unsteady. Only too frequently workmen see the employer go outside the establishment for the man to fill the good position instead of seeking out some present employee for promotion.[1] It is not strange that they conclude that changing employers is the only road to advancement.

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[1] Cf. Chapter XII and references at end of that chapter and of this chapter for further discussion and illustrations.

The relation between industrial training and regularity of employment[2] was discussed in the preceding chapter. But the contribution of an educational system to turnover reduction cannot stop with industrial training. Many non-industrial and non-economic motives play a part in causing the unsteadiness of that group of workers who shift most frequently. Their consumption standards are often as deficient as their industrial skill. Their sense of values is warped.

The writer was on a train and heard a young soldier say: "Well, I hope when I get home that I can get a good job." He asked the young man, "What is your idea of a good job?" "Good pay and easy work," was the reply. This absence of a conception of service and accomplishment as a necessary characteristic of a "good job," with the absence of the desire to give an equivalent in service for the wage received, is a common defect in the minds of those workers who are found *frequently* looking for a job. The search for "easy money" is of course no more common among wage earners than among the people of other economic groups. You can find among business and professional men a large number of individuals who are continually risking their money in speculative investments in an effort to get rich without effort. The same point of view appears in the wage earner in the form of seeking for such "good jobs" as the young man described. Just as the speculator "takes a flyer" at this or that investment, so this type of wage earner "takes a flyer" at this job and that. *The search for income without effort, for prosperity without sacrifice, for comfort without earning it*, is a subtle cause of labor shifting that can be reached only by educational and home influences that send

[1] Cf. Chapter III. [2] Cf. Chapter III.

young people into the world with *sound ideas* and *sound valuations.*

The reduction of turnover can be promoted by an efficient employment service in many ways. It can sift the individuals who seek employment frequently at the exchanges and direct many irregular workers into regular employment. It can discover the causes of turnover in individual establishments and localities and bring them to the attention of the employers. It can carry on extensive observation and study of the problem in its many phases and form a center of education on the subject for employers, educators, the government, and the workers themselves.[1]

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[1] Cf. Chapters IX–XI for detailed discussions.

CHAPTER V

MITIGATION OF OCCUPATIONAL IDLENESS

WHAT are the possibilities of reducing non-employment and decreasing labor turnover? The writer wishes that he could answer the question definitely and quantitatively. But it cannot be done. We do know, however, that both the involuntary and the voluntary idleness of workers can be reduced a great deal. A number of practical measures to steady employment and to reduce the total amount of idleness have already been tried or suggested.[1] Many of the methods which will mitigate the evil are known. What is needed now is the early inauguration of the policies which we know are necessary. The object of this chapter is to stimulate action rather than to analyze policies. It is now a time for deeds, rather than words.

"Unemployment means not only idle men; it means idle capital and sleeping machinery. It means partially paralyzed productivity

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[1] Sidney Webb and W. H. Beveridge have probably given the most constructive suggestions on this subject of any writers on employment. Chapter VI of Webbs' "Prevention of Destitution" is the most complete, concise, and constructive study of means of preventing unemployment to be found. He proposes the concentration of public works in bad industrial years as much as possible in order to take care of the cyclical fluctuations of employment; the dovetailing of occupations through the public employment service to take care of the seasonal fluctuations; and the concentration of the labor reserve under control of the employment service; the decasualization of the irregular employees by training, and systematic efficient training of every boy and girl so that they do not drift into casual work. Chapters VIII–X of Beveridge's "Unemployment, A Problem of Industry," was the first important and fundamental treatment of the question.

Commons and Andrews make a valuable contribution in their "Principles of Labor Legislation," in Chapter VI of which they give particular attention to American conditions. A particularly useful publication for the employer or the employment manager who seriously desires to develop constructive policies for the reduction of unemployment is the bulletin issued in May, 1915, by the American Association for Labor Legislation, 131 East 23d St., New York City, entitled, "A Practical Program for the Prevention of Unemployment in America," *American Labor Legislation Review,* June, 1915.

— one of the old luxuries incident to pre-war democracy which the Nation of to-morrow will not be able to afford. Will not the State undertake to prevent it where it is preventable? For instance, will railroads be allowed to ignore the regularly recurring necessities for repairs to roadbed and equipment and to 'lay off' their labor in order to maintain in a time of diminished business a fictitious showing of profits and a regular dividend rate? Will the doors of shoe and textile manufacturers be shut for weeks at a time because great speculators in leather, wool, and cotton are disturbing price conditions and disabling the manufacturers from purchasing raw materials; or because manufacturers themselves prefer to delay production in order to effect a quick turnover of their capital invested in materials and labor? Will not the State's interest in continuous productivity here come to outweigh the private interests of the comparatively few? Will not private speculation necessarily give way in the end before public compulsory standardization? In Great Britain, where more intensive industrialization has generally brought about an earlier diagnosis than ours of labor problems, writers in the Labor Party upon 'reconstruction' problems after the war have called strongly for the 'decasualization' of industry. In America, organized labor has continued up to the present time to accept the 'laying off' of men by the employer practically at will as an inevitable incident of industry. Yet the wage question is inextricably bound up with the question of continuity in production.

"The wage is the mark of the class in industry which has no regular status. Industrial tradition has it that the individual worker has no contract with his employer and has hanging over him continuously the specter of discharge at the employer's convenience; that no matter how satisfactory his work may be, the worker may at any moment without the slightest responsibility upon the part of the employer be exposed to the risks and ravages of idleness. The insecurity of labor — in law, in tradition, and in practice — is the outstanding fact in the labor problem; more than any other fact it places labor in natural hostility to capital and to the rest of the industrial and civic world which is aligned with capital; it is the great subconscious element in the labor problem.

"Yet the employer has not chosen the institution of the wage nor of the contingent employment of labor. Age-old tradition brought it to him, and he has used it in his competition according to the rules of the game — the rule that the man who produces most cheaply wins. Even in his resistance to wage increases the fear of his competitors who may be able to underbid him has generally been his chief motive. The bitterest struggles of labor in America are not to be laid to class antagonism but to unregulated industrial competition. The stabilization of employment and pay would not be strongly opposed by the employer if he could be shown that it will not hurt him more than the other fellow. Suppose for a moment that the Government were by statute to define a list of industries capable of regularization, were to regulate speculation in raw materials used by them, were to lay special taxes for idle days in establishments within such industries, or were to require that, except by special ruling, employment of labor in such industries shall, after a certain time, begin to be upon a yearly basis. The final result of such a policy would be a decided increase in the productivity of the capital invested in these industries; a great improvement in the relation between employer and employee; and a scientific standardization of production based upon reckonable demand and supply over long periods of time, beyond what the public would have thought of as conceivable. And on the whole the manufacturing class would find it in the end a blessing. Many kinds of industry and a certain proportion of every occupation would always remain upon a casual or seasonal basis; but even in these the conditions of production would be improved by the stabilization attained elsewhere, and labor would receive higher pay on account of the greater element of risk. At the same time, labor exchanges operated by the State or by labor unions could effect transitions with minimum losses through idleness."[1]

1. Stabilization of Production

The individual employer can do much to stabilize employment, if he will study ways and means for making his demand for labor more uniform throughout the year.[2] The individual employer has hitherto believed that he was in the grip of economic forces which compelled him to carry on his business in a highly seasonal or irregular manner, with frequent changes in the number of persons he employed. In a large percentage of cases, he was mistaken. Those employers who have adopted definite policies for stabilizing production in order to stabilize employment have found that they could regulate the volume of their business from month to month to a much greater extent than they had believed possible. They have found that they could smooth the curve of production, eliminating the sharp fluctuation from rush to dull periods and producing a more equal demand for labor throughout the year. They have increased the annual wages and standard of living of their employees, obtained a steadier and more efficient labor force, and reduced their cost of production per unit of output.[1]

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[1] Louis B. Wehle, in "American Problems of Reconstruction," edited by Elisha M. Friedman, pp. 173–175.

[2] See, for illustrations, articles in *Annals of American Academy of Political and Social Science*, May, 1916. Cf. also, "What the Awakened Employer Is Thinking on Unemployment," Robert G. Valentine, *American Labor Legislation Review*, June, 1915; "Turnover of Factory Labor," Sumner Slichter; "The Regulation of Employment by Employers," J. H. Willits, in *Report of the Ontario Commission on Unemployment*, pp. 31–37.

It is only recently that American employers have begun to appreciate the fact that the establishment of good employment conditions in their business is one of the essential functions of management. Labor has been, to most employers, but one of the raw materials of production — a particularly obstreperous and uncertain raw material. Some of them are now beginning to see that labor is an integral part of the enterprise itself; like machinery, land, or buildings, rather than a commodity purchased for use in the industry. This realization forces upon the employers' attention the vital necessity of thinking out the problems connected with the maintenance of a steady labor force, loyal to the establishment.

The up-to-date employer cannot think of his labor as a "problem." He must recognize it as an integral part of his business.[2] Instead of thinking of his labor problem, he will begin to recognize his laborers' problems. Their life and livelihood and that of their wives and children are to a large extent determined by conditions of employment which he throws around the wage earner; and it is as much a part of his managerial duty to concern himself with his workers' problems as it is with his customers' problems. A larger measure of democracy in industry is certain to develop in the next decade, and represents the only means by which those causes of labor turnover found in the worker's attitude to his employment can be effectively dealt with.

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[1] See, for illustrations, articles in *Annals of American Academy of Political and Social Science*, May, 1916. Cf. also, "What the Awakened Employer is Thinking on Unemployment," Robert G. Valentine, *American Labor Legislation Review*, June, 1915; "Turnover of Factory Labor," Sumner Slichter; "The Regulation of Employment by Employers," J. H. Willits, in *Report of the Ontario Commission on Unemployment*, pp. 31–37.

[2] The workers' point of view is at least partly stated by John F. Tobin, in "The Workers and Unemployment," *American Labor Legislation Review*, June, 1915, p. 429.

There are several methods by which American employers have found themselves able to stabilize employment for their workers. In the first place, study of their individual business has revealed to individual employers that their businesses have been more seasonal than they needed to be. They had been accustomed to alternating a rush period with a dull one and had made little effort to spread the work uniformly. They found upon study of the business that there were marked possibilities of decreasing the alternation of employment and unemployment.

We recognize, of course, that there are strong incentives to the concentration of production in rush seasons rather than to its distribution through the year. Customers hold back their orders as long as possible while they gauge their prospective sales. Producers refrain from production to the last possible moment in order to keep down their interest charges. Specialization on particular products naturally tends to extreme activity during months when these products are being made or grown, and a dull time during the intervening months. Stocks accumulated and stored create additional fire risks, insurance, and handling costs. But these incentives to concentration can be overbalanced by the gains obtained from policies of employment stabilization.

Different concerns will of course find it necessary to adopt different policies in order to accomplish the desired end. In some cases employment can be made more uniform throughout the year by producing certain products at one time in the year and other products at other seasons; or certain qualities or types of a product at one season and other qualities or types at another. The management should study out sidelines which are good during the dull season of the main product; or cultivate a staple line which can be made during the whole year, and upon which most of the force can be used in seasons when other lines are dull.

Stabilizing of employment both in agriculture[1] and in manufactures depends to a large extent upon producing *a variety of products*. It is single-crop agriculture in which the demand for labor is most highly seasonal. The same is true in "single-crop" manufacturing. Many establishments with elaborate and expensive machinery are centered on one or two products and using their plants only a part of the year when they could just as well produce other products and utilize their plant and labor force practically the entire year.

In other cases, a *closer coöperation between the sales department and the production departments* is what is needed. A leading American employer recently said that the selling department runs most concerns. The salesmen make promises and the production departments have to fill them. The salesman humors the demands of customers. He knowingly seeks orders which will overburden departments already rushed rather than orders which will take up the slack in departments that are dull. He makes promises on rush orders that compel excessive speeding and overtime instead of persuading customers to wait a few days longer. He embarrasses production, and compels the production department to adjust its work to his sales. The salesman seeks orders. He knows little about the effects of his methods upon the inner workings of the production departments, and does not know how to plan his work to steady theirs. The defect here is clearly a defect in the organization of the business. The management should make the sales and production departments understand each other's problems and give both an opportunity to help mold the company's market policies. Then the management should establish absolute rules controlling the promises which salesmen may make to customers; and make them rely on the quality of goods, prices, and the perfect fulfillment of agreements, to get orders, instead of the humoring of customers. If the management will study the diversification of products so that the selling department can obtain orders to keep the production department busy through the year, and if the management will definitely educate the customers upon the way in which seasonal concentration has affected the employment of their workmen, it will be possible for a great majority of concerns to materially stabilize employment through directed selling.

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[1] Cf. Chapter XIV on "Farm Labor," where this topic receives extended discussion.

Faulty organization within the production departments is another defect in industry that increases the workman's uncertainties. Many concerns do not have the interrelations of their several departments properly worked out. Foremen discharge men only a few hours before they are notified that additional men are needed to take care of orders on hand. Transfers of men from departments that are slack to those that are busy are too uncommon. One department in an establishment lets out men of a certain grade at the very time when another is going out to hire men of that grade, and neither knows what is taking place in the other department. Private employers have not been derelict in pointing out inefficiencies in public business offices, but one who impartially observes the labor policies, if they can be called policies, which obtain in a large portion of our private businesses will be inclined to make some remark about people who live in glass houses. The solution for this difficulty is found in the establishment of a central employment department which hires and discharges all workers for the establishment.[1]

Another common fault within industries from the employment point of view is *the ignorance of foremen and subordinate executives with respect to the volume of orders ahead.* If foremen knew how much or how little work was in prospect, they could plan their work and their employment of men with some intelligence. But being as ignorant of the work ahead as the workmen themselves, they have to determine each day's policy by each day's needs.

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[1] See Chapter XII for further discussion and references on this matter.

The faulty methods of hiring and discharging described in the preceding chapter increase the uncertainty of employment of all workers in the establishment. In most factories, and in many contracting, mercantile, and other kinds of enterprises each foreman "hires and fires" the men of his gang. He has arbitrary power of selection and of discharge. He varies his labor force with changes in the volume of work in his department. Ordinarily, he uses little care in selecting men because he can discharge them without notice if they do not please him. His arbitrary power of discharge he likewise uses for discipline. As a result, a large part of the labor force is in a continual state of rotation. The concern which does its hiring through a specialized employment department can reduce its labor costs. It can afford to do more dull season work and thereby give each of its workmen a better livelihood.

Overtime aggravates this evil. If employers never worked overtime, work would have to be spread more evenly through the year. Overtime is most common in those industries which are otherwise irregular. It is characteristic of seasonal and irregular industries rather than of those which work steadily through the year. It is more common as a means of filling seasonal orders than of filling intermittent rush orders obtained by concerns which otherwise work regularly. It is in such businesses as the garment trades, bag, tin can, and paper box factories, candy factories and calendar factories, where you find overtime most frequent, rather than relatively steady industries such as flour mills, machine shops, or cigar factories.

The remedy for the overtime evil is clear. It must be abolished. Either employers must do away with it, or the state must forbid it. Some of the concentration of production in rush seasons can be distributed over the dull seasons by compulsory limitation of each day's work. Progressive employers are finding that overtime does not pay, and many of them protest against competitive methods which force overtime upon them.

Those who cannot see the fact should be forced to adhere to a normal day's work.[1]

The diversification of industry, managerial policies calculated to spread work uniformly through the year, and the reduction of overtime to an absolute minimum, are the particular contribution which the employer himself can make to the reduction of unemployment. They constitute the most important means available for cutting down this worst evil which the working people have to face. The employer has an opportunity of social service of the first importance. Incidentally, these policies will increase his profits in the long run.

2. Dovetailing of Establishment Demands

The dovetailing of employments and the systematic replacement of men necessarily let out by employers is the second means of reducing unemployment. This is a function which must be performed partly by employers and partly by a well-organized public employment service.[2] In other words, it involves public-private coöperation.

The central office of the public employment service in each city can establish a system whereby each employer will notify the employment office of his intention to lay off workmen, of the number who are to be thrown out of work, and of their occupations. The office can thereupon call the attention of other employers in that community who are using that class of labor to the fact that a given number of men will be available on a certain day. The objection which employers have made to the use of public employment offices in the past has been that the quality of men who patronized the offices was not the quality they wanted in their establishments. But an employment office which thus systematically transferred men from one industrial establishment to another in the community according to the changing demands for men in the different industries, would be able to furnish employers with steady, reliable workmen. But the employment office could go farther than this. In the course of a few years it could make records which would show that about the first of May, Brown and Company usually reduced their force and let out machinists, press hands, and certain other classes of workmen. The record of applications for men should show that about the first of May, Griggs and Company were hiring certain of these types of men, while some other concern was hiring other types. In the middle of April the employment office would address an inquiry to Brown and Company asking whether men would be let out as usual this year, the approximate number and occupations of such men and the wages they had been earning. At the same time, it would address inquiries to the employers who increase their force about the first of May, asking how many men they would need, what kind of men, and what they would pay. Before any of these men were actually out of employment this employment office would have prepared to re-place in another establishment the majority of the men let out. It would be expecting too much to assume that the office could place every one of these men as soon as he lost his employment. That would happen sometimes. But it could frequently place a large percentage of them. It would prevent them from losing time while shifting to a new employment. It would give the nation and the nation's industries the benefit of their continuous labor through the year. Such a plan carefully worked out and operated systematically throughout the year in all of the larger cities of the United States would reduce idleness of American workers by millions of days each year. It would involve considerable work during the early years of its establishment but in five or six years the system would be accomplishing its results with a minimum of effort. The cost involved would be insignificant compared with the addition that it would make to the annual wages of American workers and the annual output of American industry. It would even be possible in many individual cases for the employment office to make arrangements whereby a given workman would work for six or eight months of the year for one employer and for the balance of the year with another employer.

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[1] The author was for nine years a member of the Department of Labor of the State of Minnesota. In practically every one of those nine years the employers operating certain bag, can, and candy factories came to the commissioner of labor to plead for his connivance in a violation of the laws regulating the hours of labor of women so that they could work overtime during their rush seasons. His refusal compelled them to get their orders earlier and spread production over a longer period.

[2] See detailed discussion of such service in Chapters VIII–IX.

There is no doubt but the employment offices in the smaller cities could work out this plan even more rapidly and efficiently than those in the larger cities and that in the course of time a large percentage of the workers of America could be insured of a maximum amount of employment.[1]

3. CONSERVATION OF LABOR EFFICIENCY

The dovetailing of jobs which has just been discussed would materially conserve the efficiency of our workers by eliminating the worry and waste of time incident to our past method of throwing them out of employment with utter disregard for their future, and by improving their standard of living. It will strengthen their confidence both in our government and in our economic system.

But we should not let the question of conserving working efficiency rest at that point. Any constructive program for reducing unemployment must take cognizance of the fact that the inefficiency and irregularity of workers increases their liability to unemployment, and must develop plans to train them for efficiency.

There are three measures which Mr. Webb has pointed out that are essential elements in any adequate program: a nation-wide system of continuation schools, the adequate relief of widows and others whose children are now denied education and opportunity for development[2] by the poverty of their parents, and the prevention or adequate regulation of child employment in "blind alley" occupations.

The minor under eighteen years of age who is employed should be required to attend school for a certain portion of each week and special schools for this purpose should be provided in every state in the union. Our federal government has already taken steps to promote such education by the passage of the law of February 23, 1917, which created the Federal Board of Vocational Education "with the duty of disbursing Federal moneys to the states for approved institutions in trade and industrial lines of less than college grade, and of promoting, in coöperation with the states the establishment of such institutions." Wisconsin and some of the other states have already established vocational schools in coöperation with the federal authorities, where working children *must attend school* a portion of each week. In Wisconsin every child from fourteen to seventeen years of age who is employed must be permitted by his employer to attend the vocational school at least eight hours each week if such a school exists in his locality, and these eight hours are counted in the total number of hours which the child is permitted by law to be employed. All minors of fourteen to seventeen years of age who reside in a town where there is a vocational school are required to attend such school eight hours a week, whether employed or not, if they are not in attendance at some other school. The only exception is in the case of regularly indentured apprentices.[1]

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[1] For other discussions of dovetailing see index.

[2] The questions of apprenticeship and vocational guidance are discussed in Final Report, Industrial Relations Commission, Vol. II, pp. 1328–1337, 1801–1903.

It is both an injustice and a folly for the nation to deny children an opportunity because their parents are poor. The poverty of parents has been one of the reasons in most states why children may leave school and go to work. This policy is exactly wrong. If the parents are in poverty, if the child has inadequate food and clothes, if he lives in a crowded dwelling, if his parents are unable to give him the proper care, *that is exactly the reason why that child should have more education than other children.* Society has in the past visited the incompetence and misfortune of the parents upon the children, often generation after generation. We have permitted poverty to be cumulative, and in one sense of the word, hereditary; instead of breaking the line of causation and setting the child free from the shackles that have bound the parents.[1] Where families need charitable assistance we should give enough aid to enable them to get the necessities of life and should make it a *condition and part* of such relief that their children receive the food, clothes, medical care, education, and vocational guidance that will enable them to escape from the conditions of their parents and become self-supporting.

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[1] Cf. Bulletins No. 1 and No. 17, Federal Board for Vocational Education, Washington, D. C.; Bulletin No. 1, Wisconsin State Board of Vocational Education, Madison, Wisconsin; "Labor and Administration," John R. Commons, Chap. XX; "Development of Apprenticeship," Stewart Scrimshaw in *The Wisconsin Apprentice*, Vol. II, No. II, March 15, 1919. Issued by Industrial Commission of Wisconsin, Madison, Wisconsin.

We have previously referred to the well-recognized "blind alley" occupations.[2] An effective public employment service and the vocational education departments which are developing in our public schools should coöperate to sift out these occupations in which child workers have no opportunity of passing naturally into an adult occupation. Either state labor commissions or legislation should be utilized, to prohibit the employment of children in such occupations, or insure such training and guidance of such children as will prepare them to earn an adequate livelihood in their maturity. There are plenty of men and women in our labor supply who would be glad to obtain such employment, and one may seriously inquire whether "blind alley" occupations should not be reserved to those for whom the future can in the nature of the case hold no advancement. One thing is certain, every child, no matter how poor his parents are, should be protected against drifting into occupations which lead naturally to casual or low-grade employment in adult years, and insured an education and an industrial experience which will fit him for earning a decent livelihood. Vocational guidance of children is an essential part of the nation's employment program, and must be definitely worked out in coöperation by the employment service and the schools.[1]

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[1] One typical case which was under the author's observation for nearly ten years illustrates the point. A man fifty-four years old married a woman of thirty. He had been a plasterer. Sickness and other reasons had caused him to let his union dues lapse. He therefore turned to labor. His age and an accident to his ankle made him one of those inefficients who could not hold a job steadily. He was willing to work and did work when he could get employment. Certain employers hired him when they were taking on irregular help. He did not drink. He was a steady family man. He was faithful, but underemployed. Four children were born, the last when he was sixty-four years old. The family had to resort to charity from time to time after the birth of the first child in 1908. They lived in the poorest quarter of the city, but they had the cleanest home in the neighborhood. Sometimes they had food and sometimes they did not. The reader may say anything he desires about the improvidence of parents who would continue to bear children under such conditions. The author will not disagree with him. But what about the children? Must they be cursed by their parents' improvidence? Must they grow up as four more inefficients — to produce another and still larger spawn of inefficients? Must they, too, constitute part of the underemployed labor reserve? Must they help make that "casual fringe" of unemployed for some industry? Or does sound social policy dictate that society intervene with a strong enough hand to fit those children for self-support, self-respect, and social value?

[2] Cf. Chapter III.

The successful inauguration of the dovetailing of occupations and the guaranteeing of children a proper start in life require action by the community.[2] The federal employment service, in order to attain adequate efficiency in this work, must permanently coöperate with and be influenced by the people of each local community in dealing with these problems. The state and municipal governments, and those interested in the welfare of the workers in each community, must assume the main responsibility for this part of the work of reducing unemployment.

4. Training of Adults

The training of adults to make them more efficient workmen is another important part of an adequate employment program.

We have already suggested this in the case of adults who are employed and have pointed out that this means for most wage earners that the training must be given by the employer as a regular part of his labor management.[3] Mr. Sidney Webb has suggested that training also be given by public authority (and possibly under public compulsion) during periods of idleness.[4] His presentation of the need for a system of public education for the unemployed is worthy of serious consideration by the United States. He proposes that unemployed laborers, registered at the public labor exchange, for whom no work can be found, be permitted to draw their unemployment insurance only on condition of "their submitting themselves to such training — physical and mental, general and technological — as may be found appropriate to their needs." "If there are really no vacancies for such men, . . . seeing that such men (like the rest of us) are always physically 'out of condition'; that, although sometimes possessed of a skill which has become valueless, they are usually quite inadequately educated and trained; that many of them are suffering from hardship and exposure, if not from bad habits; . . . the most valuable use to which the community can put their necessarily unemployed time is to make it in the highest sense productive *by spending it in their own training*." The . . . "Labour Exchanges that have been opened throughout the country have had brought to them the paramount and pressing need for supplying training to the Unemployed. Every manager of a Labour Exchange has had repeated experience of having opportunities for getting men and women into good and steady wage earning employment which he cannot embrace . . . because he can find no qualified person disengaged. On the other hand, every manager also has the melancholy experience of seeing a crowd of men on his books, often men of good conduct and unimpeached character, who, because of their inability to do any work for which there is a demand, remain, in a time of good trade, month after month unemployed — too many of them degenerating steadily under his eyes, from idleness, hopelessness, and insufficient food, for sheer lack of the discipline and regular life that training would afford.

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[1] Cf. Final Report, Industrial Relations Commission, Vol. II, pp. 1328–1337.

[2] Cf. pages 79 ff.

[3] Cf. pages 79 ff.

[4] "Prevention of Destitution," pp. 141–149.

"What is proposed is that there should gradually be opened, under the Ministry of Labour, and in close association with the Labour Exchanges . . . a number of small Training Establishments, under carefully chosen instructors, at one or other of which any man or woman, for whom the Labour Exchange could find no situation, should willingly (but entirely optionally) be enrolled. . . . These Training Establishments . . . should be both town and country . . . they should be run exclusively as places of training, with a single eye to the improvement of their inmates, without the least pretense of making their labour productive, and without, indeed, producing anything for sale or use outside the institution itself. . . . The men should be required to attend every morning at 6 A.M. and to remain for at least the full working day, with suitable intervals for rest and meals."

The details of Mr. Webb's plans are as interesting as his general conception. Physical examination, followed by medical treatment and physical training, the development of "imperfect painters, carpenters, bricklayers," and other mechanics "into more competent craftsmen," the guidance of those in decaying trades into developing occupations, and the improvement of the manual efficiency of laborers are some of the objectives sought.

Mr. Webb, of course, recognizes that training alone will not eliminate unemployment, but, he says, "It is demonstrably better for the community to have, as its citizens, strong, disciplined, and trained men than half-starved and physically incompetent weaklings, unable to use either hands or brain to any practical advantage, with irregular habits and uncontrolled will — *and all the more so if they are liable to be periodically unemployed*. . . . Idleness is demoralizing; . . . but physical and mental training in companionship is invigorating and hopeful; the regular hours and continuous occupation under discipline are exactly what is required; and the obvious improvement in physical efficiency has, in itself, a bracing effect on character."

This idea of training the worker while unemployed has not been advanced by Mr. Webb alone, and its complementary idea — training while in employment — has already received serious attention and some development in the United States as well as in foreign countries. There is probably no aspect of labor efficiency which has received more stimulus from the war.[1] Those concerns which, in recent years, have introduced a constructive policy of labor management in their establishments and have studied the causes of labor turnover, of inefficiency, and of lack of interest, have discovered that lack of training is responsible for many of the shortcomings of their workers and a cause of much higher labor costs to the employer.

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[1] Cf. "Training Labor: A Necessary Reconstruction Policy," C. T. Clayton, in *The Annals*, January, 1919, p. 137.

5. Relief Work to Mitigate Unemployment

Relief work should be confined to the concentration of large public and public utility constructions in periods when private employment is slack. There are some public works which must be put through without delay. There are others, federal, state, municipal, or railroad, which can be determined upon and then deferred to a time when a slack demand is throwing many men out of employment.[1] At such times the public work should be utilized to furnish employment for thousands of otherwise unemployed persons. The public work can be done at a lower cost than if it competed with private employers for labor in a busy labor market, and it can at the same time relieve the unemployment which is rife. We would not be understood to advocate the so-called "relief work." We do not believe that it is sound policy to undertake any public work for the mere purpose of furnishing relief. This only results in distributing charity in the form of wages. We believe in calling charity by its right name. What we advocate is that public work which would be done under any circumstances be done at times when it will mitigate the unemployment situation, that the workers be hired at market rate of wages, and that they be retained in employment only so long as they earn the wages which they are paid. We advocate giving honest men an honest chance to work.

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[1] Cf. "A National Policy: Public Works to Stabilize Employment," Otto T. Mallery, *The Annals*, January, 1919, p. 56; "Redistribution of Public Work in Oregon," Frank O'Hara, *American Labor Legislation Review*, June, 1915; "Seasonal Fluctuation in Public Works," F. E. Richter (*ibid.*).

PART II

THE MACHINERY OF THE LABOR MARKET

CHAPTER VI

THE LABOR MARKET BEFORE THE WAR

PROFESSOR H. R. SEAGER has defined a market as "the place or conjunction of means of communication through which buyers and sellers are brought together for the exchange of economic goods."[1] There are two facts suggested by this definition which are fundamental to our discussion in this and the succeeding chapters: That buyers and sellers need a common meeting place at which they can buy and sell their goods; and that markets are sometimes places where buyers and sellers meet face to face, and in other cases a means of communication, such as the office of a New York broker where stocks may be placed for sale by a telegraph message from Philadelphia and sold by wire to a purchaser in Sacramento. A market is a place where facilities are provided by means of which buyers and sellers may effect exchanges.

The term "market" is also used in a somewhat different sense to signify the economic area in which a given commodity is sold. When we speak of "the market for New York apples" we may mean either the definite places at which such apples are sold, or the areas of the world's surface in which New York apples find sale. Professor Richard T. Ely has expressed this conception of the word "market" thus: "In this connection we mean by the *market* not a particular place for buying and selling, but *the general field within which the forces determining the price of a particular commodity operate.* For some commodities, especially perishable ones, like fresh milk and cream, the market is distinctly a local one. In the case of great staple commodities, like wheat and cotton, the market is a world market, for it is impossible that the prices of wheat or cotton in

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[1] "Principles of Economics," 1913, p. 110.

Europe should differ for any considerable time from their prices in America by more than the expense of transport."[1]

The writer will use the expression "labor market" in Part II of this book in the sense in which Professor Seager uses the word "market," *i.e.*, to mean by "the labor market" the definite places where labor is sold and the organizations through which the sales are effected. The discussion aims to show what social machinery is necessary for this purpose, and what machinery has or has not been provided for the marketing of human muscle, brains, and skill.

It is necessary to remember, however, that the labor market may also be studied from the other point of view. It is perfectly proper to speak of conditions in the American or the European, the New York or the Alabama labor market, having in mind the supply of, demand for, or types of labor present or sought, in the several areas. Our first five chapters (Part I) discussed the American labor market from this point of view. In our first chapter we showed that the demand for labor operates internationally and that Europe's supplies of labor have profoundly affected the life and welfare of the American wage earner and the development of American industry. Similarities or differences of wages in different countries, the relative prosperity of the various nations in specific years, and many other peculiarities of the modern world's economic life are continually affecting the wage earners of the various countries. From this point of view there is a world labor market. There are also national, regional, state, and local labor markets. Large buyers of labor often seek their help at distant points, while multitudes of employers depend entirely upon the local market for employees. Differences of wages in different countries and in different localities in the same country are in part due to the failure of labor to flow readily from one local market to another and in part to custom and other special conditions. In our second chapter we pointed out that the demand for labor in any market area is often for a highly specialized type of labor, rather than simply for "labor," and that individual workers have peculiar qualities which prevent them from accepting the great majority of employers' offers of employment. These employers and these workmen may have open to them a rather large market, geographically, in which to sell their labor, but a narrow market industrially. In other words, in order to buy or sell, they must find means to seek out a particular person who fills their particular specialized need.

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[1] "Outlines of Economics," 1916, p. 154.

Within the *market area*, geographical or industrial, there must be market *places* and market organization, where those who wish to find labor and those who wish to find work can bring their needs and offerings together. It is this phase of the market idea in which we are now particularly interested.

1. Need for Labor Marketing Facilities

Day by day — each day and every day — the labor power of the multitudes is being offered for sale. Day by day, employers are seeking help. New needs for workers are opening up here; employees are being laid off yonder. What sort of market has America provided in which the purchase and sale of this, the most important of all "goods" offered for sale, can be effected? What sort of market is needed?

It may be noted, in the first place, that a very large percentage of the places filled each day are filled without the utilization of any definite labor market machinery. *The workers make direct application to the employers for work* and are engaged by foremen or by the firm's employment department. Most employers seek from employment offices only that labor which they are unable to get in any other way. Newspaper ads, street car posters, signs placed in windows, and bulletin boards, have ordinarily brought to the employer many more workers than he can possibly hire. Hundreds of thousands of wage earners are engaged each year through information of openings conveyed to them by friends already working in the establishments in question. A majority of the orders placed by employers at employment offices are for labor to go out of town, though an *efficient employment service* would have an opposite experience. It would find its most important field in dovetailing the demands for labor within the community in such a way that men laid off in one establishment would be transferred to others in the community, thus keeping both the local capital and local labor steadily employed.

This system of direct employment, which is so characteristic of American industry, has certain serious faults. It has the advantage, from the employer's point of view, of enabling him to "pick over" the applicants at his gate; and, from the man's point of view, of enabling him to bargain directly with his employer. But, *unfortunately, it cannot meet the employer's needs unless it brings to the place of employment many more persons than he desires to engage.* Otherwise he would have no opportunity of selection. It assumes and requires the existence of a considerable idle labor surplus. The employee, while applying at one or two establishments, is losing his chance of employment on that day at other establishments which he is unable to visit. If there is a strong demand for labor, many positions may go unfilled because so many of the workers are scattered around at the gates of establishments which do not need their services.[1]

The search for work, fruitless each day for multitudes, wastes the workers' strength, time, and carfare, undermines their self-respect, impairs their efficiency. It makes suppliants of them for employment. A large number of positions will always be filled by direct application of the worker to the employer who he knows is looking for help, but we should have an organization of the labor market which would make this peddling of a man's or a woman's labor unnecessary. It is a survival of an obsolete industrial order, and persists only because of the decentralized labor surplus discussed in our first chapter. But the organization which is provided must be entirely different from the employment agencies of the past. It must be *efficient*, *honest*, and *neutral*.

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[1] The relative advantages and disadvantages of the employer and employee in bargaining are effectively presented by Dr. Richard T. Ely, of Wisconsin University, in his work on "Property and Contract," Vol. II, Part II, Chap. VI, "Contracts for Personal Services with Especial Reference to the Labour Contract," pp. 627–643.

2. The Labor Market before the War

It is necessary to trace the history of conditions in the American labor market during the decade before the war. To understand the present situation one must be familiar with the conditions out of which it developed.

America had *no system* of labor placement before the war. We had employment offices — thousands of them. And the more we had, the worse off we were. Chaos ruled where order alone could furnish the needed service. Commercial, fee-charging agencies; philanthropic and semi-philanthropic ones; union, employers', and commercial association offices; federal, state, and municipal agencies existed side by side — competing, duplicating, working at cross purposes. Each and all of them were inadequate for the country's needs. Nearly all of them did as much harm as good. The fact that all of these types have persisted through the war period and are functioning at the present date makes a detailed examination of them well worth while.

3. Private, Fee-charging Agencies

There are a number of distinct types of private employment agencies, conducted for profit, which cater to distinctly different types of trade. The teachers' agencies, the collegiate women's vocational bureaus found in more than a dozen cities, a small number of agencies for the placement of social workers, and the offices which furnish high-grade help to business concerns, represent the most efficient and most reputable group of private, fee-charging offices. The collegiate women's bureaus differ from the other types just referred to in being conducted for service rather than for profit. Many of these, perhaps all of them, have been operated at a loss. They have been able to continue in operation only because subsidized by interested citizens.[1] The teachers' agencies and those which provide high-grade business help can continue in business only by giving reputable and reasonably efficient service. They are middlemen dealing with intelligent clients, and though their fees are often exorbitant, their business is necessarily free from the abuses which characterize the agencies dealing in manual labor. The writer does not believe that it should be necessary for public school teachers to pay large fees to job-brokers in order to get positions. He believes that these agencies are as indefensible as the corrupt ones dealing in some other classes of employment. But the reasons for their elimination must be found in considerations of justice and public policy rather than in abuses.

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[1] Cf. "Regulation and Control of Private Employment Agencies," M. B. Hammond, Bulletin 192, United States Bureau of Labor Statistics, p. 79; "Relation of Public to Private Employment Offices," pp. 38–39.

The profit-seeking employment agencies which supply employers *with manual laborers*, on the other hand, have developed most objectionable business methods. They are a social menace rather than a social benefit.[1] They disorganize rather than organize the labor market; they *increase* instead of decrease labor turnover; they are honeycombed with graft, dishonesty, and trickery; and they increase the discontent and bitterness of the working classes. It is the writer's earnest conviction, after years of contact with these agencies, that the only sound national policy is to eradicate them from our social fabric, root and branch.

Some able employment men believe that we should depend upon the slow processes of competition to eliminate these private offices. Others hope for federal regulation.[2] The writer does not agree with them. He considers it *unsound in principle to compel a citizen to pay for a chance to get work*, while he knows that the influence of these offices is pernicious. The state of

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[1] Cf. Report of the Commission on Immigration of Massachusetts, 1914, House Document No. 2300; Report of the Commission of Immigration of the State of New Jersey, 1914; Report of Bureau of Industries and Immigration of New York State Department of Labor, 1911; abstract of Report of Immigration Commission, 1911, Vol. II, pp. 443–49, *ibid.*, pp. 321 ff.; also pp. 375–386; also pp. 391–408; Annual Report of U. S. Commissioner of Immigration for 1911, pp. 121 ff.; also Annual Report for 1907, pp. 70–71.

[2] Cf. M. B. Hammond, *op. cit.;* "Experience in Extending and Improving the Work of a Public Employment Office," W. F. Hennessy, Bulletin 192, United States Bureau of Labor Statistics, p. 109; "What Must Be Done to Make Public Offices More Effective?" L. D. McCoy, *ibid.*, p. 52.

Washington enacted a law,[1] initiated and passed by popular vote, which made it unlawful for any employment agent "to demand or receive either directly or indirectly from any person seeking employment . . . any remuneration or fee whatsoever for furnishing him or her with employment or with information leading thereto." This law was held unconstitutional by the United States Supreme Court in a five to four decision on June 17, 1917,[2] as "arbitrary and oppressive," and an undue restriction on the liberty of the appellants, and therefore a violation of the Fourteenth Amendment. It is hard for one who knows these offices to believe that the law was as arbitrary and oppressive as the court's decision, which overruled the wishes of the people of the state of Washington. We cannot believe, however, that this decision is the last word which will be said on the subject by American legislative bodies or by the Supreme Court.

The best organized and most powerful of the private employment agencies are those which supply our railways with common labor. They are strong business organizations with central offices in such labor centers as New York, St. Paul, Minneapolis, Chicago, or St. Louis, and branch offices or representatives in a number of other cities. They make a contract with one or more railways which provides: (1) that the agency shall keep the railway supplied at all times with such section, extra gang, and other construction labor as it needs; (2) that it will provide an adequate commissary service to sleep and feed the railway's laborers where they are at work; (3) that the railway will hire no laborers of the types specified except through such agency; (4) that the agency shall have exclusive rights to operate the commissaries along its lines; and (5) that the railway shall provide for the transportation of the laborers hired to the point of employment.

Most of the laborers which the railways seek and obtain by this method consist of recent immigrants who are ignorant of our language and who have not acquired American standards of wages and living conditions.[1] Sprinkled among them are Americans, generally hard drinkers, most of whom "have seen better days." In the actual assembling of particular gangs these are often kept separate from the immigrant crews.

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[1] Chapter I, Laws, 1915, State of Washington.

[2] Joe Adams, *et al.* *v.* W. V. Tarrner, 37 Supreme Court Reporter, 662.

The railway's order is placed with the central office of the agency. Perhaps it is for one thousand men between March 15 and March 31 on a given piece of line in North Dakota. The agency has offices in a number of labor centers, such as St. Louis, Chicago, Omaha, and Minneapolis. The order is split up among them. They in turn make arrangements with padrones or other racial leaders among the immigrants to assemble laborers of their own races and bring them to the agency. These agreements, which are almost always verbal (the agencies put as little of their business as the law allows on paper) commonly require the padrone to assemble a given number of men. Often the initiative comes from the padrone in an offer to furnish a given number of men on given terms. The padrone's commission is sometimes paid directly to him by the agency "splitting" the cash fees charged the men given jobs, but as frequently consists of a job as foreman over the "gang" and the privilege of bleeding them for interpreter's fees, commissions for getting them their jobs, for keeping them from being discharged, and other petty grafts. The immigrants, when in Europe, lived in a social order honeycombed with "graft." Bribes and "presents" to those in authority over them were their ordinary experience. When they come to America they accept grafting by bosses and employment agencies as natural. Before they become sophisticated, they are "rich picking" for those engaged in selling and buying the labor of men as they would the labor of horses. When they come to understand that better earnings are possible to them than the railways pay, and learn enough English so that they can seek their own jobs, they leave railway work and enter other occupations; but the agencies which supply the railways with labor have been able, until the European war period, to turn continually to new supplies of raw immigrants.

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[1] Cf. *Abstract of Reports of Immigration Commission*, Vol. II, p. 405; "The Chicago Employment Agency and the Immigrant Worker," Grace Abbott, *American Journal of Sociology*, Vol. XIV, No. 3; Final Report of Industrial Relations Commission, Vol. II, pp. 1170, 1341–1362, 1908.

The furnishing of labor to railways by employment offices is *essentially an interstate business.* The men obtained by the agency have to be distributed over the railway's lines, which generally spread through a number of states and often reach into Canada. The supply of labor, as we have already suggested, must also be accumulated by the agency from labor centers located in different states. Often agencies located in the middle west place part of their orders for railway labor with agencies located in the east or south or with agencies on the Pacific coast, and bring the laborers long distances.

The interstate character of the business, the fact that the men dealt with are ignorant, and the absence of any standard fees which the agency can or must charge are all conditions which lead naturally to many abuses.[1] The interstate char-

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[1] The reader may be interested in some specific cases illustrating employment abuses. Before presenting a few cases and references to others, the author wishes to call the reader's attention to the fact that in most of the cases cited he will find the employer as much at fault as the employment agent. The employers who patronize the agencies seem to include a good many who either have no interest in looking after their workingmen properly or do not realize the many injustices which men suffer through their carelessness.

Sixteen men were hired by an employment agency in St. Paul as rough carpenters and laborers on bridge construction work in Montana. They each paid $2 for their jobs. They were shipped on a single pass for the sixteen men. They reached their destination on November 1, 1916, at 5 P.M. and went directly to the foreman of the contracting company doing the work. He was much surprised at their arrival and said that there was no place for them to stay except in a tent, and no bedding or blankets for them. The next day they were informed by the time keeper that he would sell them blankets at $2.25 apiece, *cash.* The time keeper would not let them have blankets unless they paid cash or deposited their tools with him as security. As a result the men refused to go to work.

The fare home was $27.08, and at least three of the men were married men with their homes in St. Paul. One man's wife succeeded in wiring him the fare, and his losses therefore consisted of the $2 fee, $27.08 fare, and a week's time. Both of the other carpenters' wives were in want and unable to raise money to wire them their fares. One of them had six children. This exploit was the work of a railroad agency.

A Minneapolis agency, during the harvest season, started sending men to Canada to a certain farm near Regina, which had not placed any order with the agency. Eleven men were in this gang and paid $2 each for their jobs. When the men acter of the business makes it impossible for individual states to adequately regulate the agencies. When a state has a good law the agency can generally make it ineffectual by shipping men to distant points. For example, men sent from Minneapolis or St. Louis to Montana or the Canadian Northwest find it difficult to return to those cities and file a complaint and prove their case, if they do not find conditions at the job as they were represented by the agency. Many states have not tried to regulate the agencies, or have laws which are entirely inadequate even for intrastate regulation.

The recent Ontario law on the regulation of private employment agencies embodies most of the provisions found in the

got there they of course found no work and complained to the Dominion authorities, who referred the matter to the state authorities of Minnesota. The agency quickly refunded the fees when it was caught, but after investigation of its record, its license to do business was revoked.

Here is a part of that agency's previous record. Definite information of sixty other cases sent under the same conditions as the eleven cited above was in the possession of the chief of police. The owner of the agency had a personal police record which covered half a page, closely typewritten, which included the passing of worthless checks and the management of a disorderly house. A warrant was out for his arrest at the time, at Hartford, Connecticut.

In May, 1917, this same agency charged a man and wife $15 for a farm job in North Dakota and agreed to pay their fare out of the fee. When they got there they found that the fare was to be taken out of their wages. The wife had been told that she would have to cook only for her husband, but when she arrived she had to cook for fourteen men. When a demand was made for a return of part of the fee the agent said "that there was no limit on the amount that he could charge if he wanted to."

Another man was sent to work for a company in Browns Valley, Minnesota, and when he arrived there found that there was no such company. The agent refused to refund either his fee or his expenses.

In the complaint to the mayor which resulted in the revocation of his license, thirty similar cases of fraud were presented as evidence against the agency.

Cf. also Chapter XV "The Common Laborer"; "The Immigrant Worker and the Public Employment Bureau," Anne Erickson, United States Bureau of Labor Statistics, Bulletin 192, p. 128; "The Immigrant and the Industrial World," W. F. Hennessy, *ibid.*, p. 133; "The Employment Service as a Means of Public Education," D. D. Lescohier, *Industrial Management*, April, 1919, Vol. LVII, No. 4, p. 398; The Biennial Reports of the Minnesota Department of Labor and Industry from 1910 to date; the First Annual Report of the Bureau of Industries and Immigration of the New York State Department of Labor, 1911; the Report of the Commission of Immigration of the State of New Jersey, 1914; and the Report of the Massachusetts Commission on Immigration, "The Problem of Immigration in Massachusetts," 1914.

best American laws.[1] It, unfortunately, has their essential defect, since it is the law of a province rather than of the Dominion. All employment agencies must be licensed annually by the Superintendent of the Trades and Labour Branch of the province, and must also obtain licenses from each municipality in which they operate "an office, branch, or agency." The Lieutenant Governor in Council is empowered to fix the fees to be paid for licenses, to promulgate rules regulating the conduct of the business and prescribing the records and accounts "to be kept by any class of employment agency," to fix the fees which may be charged employees or employers by the agencies, requiring reports to the provincial government, for the cancellation of a license "upon the conviction of the holder thereof for any offence or upon proof to the satisfaction of the superintendent that the business of the licensee is being conducted dishonestly, unfairly, or improperly," for the "conferring upon the superintendent and upon inspectors of employment agencies, the power to hold inquiries into the conduct of the business of an employment agency and to take evidence under oath" and giving such official "the powers which may be conferred upon a commissioner under the Public Inquiries Act."

The Lieutenant Governor's regulations issued during 1917 provided for a provincial license fee of $25, accompanied by a bond of $200. The superintendent who issued licenses was given broad discretionary power in selecting those to whom licenses should be granted. He can refuse to license any applicant whom he finds "is not a proper person to engage in the business of an employment agency," or whose proposed place of business is on or immediately adjoining "unsuitable premises." A license may be revoked for violation of the law or of any rules or regulations thereunder, "or if any ground appears on which a license might have been refused at the time of application." An agency is not permitted to "charge any person a larger fee than one dollar for securing employment for him, or any employer a larger fee than one dollar for each employee secured for him, and no further or other reward or remuneration shall be accepted by an employment agency," and the agencies are not permitted to charge for transportation "an amount greater than the actual cost of transportation." No agency is permitted to divide "with or to any employer or workman, any fee received by it for services rendered to such employer or workman." If a workman fails, through no fault of his own, to obtain employment from the employer to whom he has been referred by an employment agency, "the whole amount paid by such person to the employment agency as a fee (or for transportation) shall be refunded to him upon demand." The agencies are not permitted to accept registration fees. They cannot accept a fee from an applicant unless "at the time" they have "in hand a written and dated order from an employer offering the position which the applicant is seeking," and the agency must give a receipt to each person from whom it accepts fees, giving the particulars about the fee and the position, and a copy of the receipt must be kept in the agency for twelve months.

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[1] The Employment Agencies Act, 1917 Session, Legislature of Ontario. Digest of law and of regulations issued thereunder by the Lieutenant Governor in Council will be found in *Report of the Trade and Labour Branch of the Department of Public Works, Province of Ontario,* 1917, pp. 88–91.

"A private employment agency shall not engage for any employer any person seeking employment, unless at the time it has in its possession a *written* and *dated* (italics ours) order from the employer stating the number of men or women required, and full particulars as to the nature of the employment, the rate of wages, the cost of board (if provided by the employer), all deductions from wages and all other terms affecting the employment and such other particulars as may be prescribed by the superintendent."

Every agency must keep posted in a conspicuous place its license and the Employment Agencies Act, 1917, must have all forms of contracts used in its business approved by the superintendent, must keep such records and in such form as required by the superintendent, and have them open to inspection at all times by any officer of the Trades and Labour Branch, and make such reports as the superintendent prescribes.

This vigorous effort at regulation has not been in force long enough to enable us to ascertain its practical results. It embodies the best ideas found in American employment agency regulation, but confers greater discretionary power upon the administrative officials than any American statute. It will furnish an interesting test of the truth of the contention of private employment agents that they cannot profitably carry on their business on a flat one dollar fee.[1]

The ignorance (often due to intoxication) of the men handled, both with respect to their rights and with respect to the proper authorities with whom to file complaints, makes it very easy for private employment agencies to cheat them or to send them to jobs which they do not want. The lack of any standard or legal fees to be charged men for jobs enables the agency to fix the fee according to the conditions of the labor market and in individual cases according to the degree of intelligence of the man seeking a job. When there are many men out of work and employment is scarce, they charge a high fee. When men are scarce and jobs are plentiful, they charge a low fee. Offices serving railway companies often refrain from charging fees at times when men are scarce, for they must get the men needed by the railway even if they have to carry on their business at a loss for the time being. But when employment is relatively scarce the agencies gather in their harvest. Even in times when work is plentiful they often charge exorbitant fees if the applicant is unfamiliar with our language, ignorant, feeble-minded, intoxicated, or otherwise unable to protect his own rights. Their general principle is to charge whatever the traffic will bear. And the more incompetent the worker is to protect himself, the more he pays for his job, and the more liable he is to be sent out to misrepresented work.

The same employment agencies which handle railway work also accept orders from other classes of employers. They obtain workmen for lumber woods, farming and harvest fields, contractors, *out of town manufacturers*, and for many other lines of business which find it necessary to hire labor from a distance. In other words, they cater to the seasonal demands of many lines of business *and make a specialty of shipping labor* from one locality to another. They speak of their business as "moving labor," and when men are sent to a job they are "shipped." These two expressions summarize the private employment agent's conception of his occupation. *It is his job to move labor*, not to place it where it will stay. It is his job to ship labor, not to place men.[1] During the winter season when the railways' demand for labor is slack, they give especial attention to lumbering and during the harvest season they emphasize the harvest work. The railways in the small grain country do not urge their needs for men during the harvest season. They would rather see the farmer supplied with help and the harvest brought in than to push their own work. The success of the railroad in the grain area depends upon the success of the farmer, and the employment agency is therefore free during the harvest period to concentrate on that work.

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[1] Some of the best American statutes are those of California, Illinois, New York, Minnesota, and Wisconsin. The laws of all the states are published from time to time in bulletins of the United States Bureau of Labor Statistics entitled "Labor Laws of the United States."

There are many small private agencies existing side by side with the larger ones holding the railways' orders. Some of these smaller agencies have offices in but a single town. Others have offices in two or more cities. The large agencies dominate the private employment agency world just as the United States Steel Corporation dominates the steel world or the Standard Oil Company dominates the oil industry. In neither case does the large competitor monopolize the field, but in each case it dictates to a large extent the policies and practices of the smaller companies.

The smaller local agencies depend upon orders from lumbering, contracting, farming, and manufacturing, and other such industries. Their methods of doing business are the same as those found in the railway agencies. We will now briefly sketch the business practices found in private employment agencies handling manual laborers.

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[1] A good illustration will be found in "Destructive Labor Recruiting," C. T. Clayton, Bulletin 247, United States Bureau of Labor Statistics.

In most states the agencies are required by law to take out licenses. In Minnesota, for instance, the state law requires a license to be taken out in the municipality in which the agency is located. This law requires the business name and address of the agency and the name of its manager to be filed with the license department; requires the employment office to record certain specified facts concerning the job and the man who has accepted it; to retain in the office a carbon copy of the slip which is given to employees sent out; and specifies the data which shall be entered on that "send-out" slip. If the agency misrepresents the facts with respect to wages or the kind of work which is to be done, or in any other way, the workman is entitled to reimbursement of his fee and of his financial losses; but as already stated, most of the men are shipped far enough away so that they will not be able to go back and make a complaint. *Only a federal law with real teeth can reach these agencies. Most of the wrongs they perpetrate on workmen are in the interstate shipment of men. State laws cannot meet the situation.* Workmen could make complaint to federal officials without returning to the point of shipment and could get redress in federal courts at the point where they suffered wrong.

The agencies should be abolished; but if that is impossible at present, they should certainly be put under stringent federal regulation.

Most of the larger orders for men come into a relatively small number of offices. For instance, in Minneapolis, where there are approximately thirty-five private offices licensed and operating, less than half of the agencies receive the orders for more than two thirds of the men supplied to employers. If the agency which receives an order doubts its ability to fill it in the time available, it places parts of the order with a number of other agencies in the district so that a number of competitors are working on the same order; but all men are shipped out by the company which had the order in the first instance. The agencies which are given the privilege of working on the order get the fees for the men they secure, but the holder of the order gets the credit with the employer for having secured the men.

This coöperation of the agencies with each other again strikingly appears when one of them is arrested. It is the common thing under such conditions for a subscription to be taken up among the different agencies to bear jointly the cost of the trial, and probably in some cases to divide the fine assessed. In other words, the agencies work together for mutual protection just as the saloons have done. Their business, like the liquor business, has been one which naturally developed more or less grafting and violation of law, and court defense has been one of the natural characteristics of the business. Out of nearly forty agencies in one of our large cities, the chief of police told the author that there were only three which had not been prosecuted at one time or another. Some agencies are very particular to observe the exact letter of the law and to try to conduct their business as reputably as possible; but the great majority expect to squeeze all they can out of the men and to do their best to avoid detection and conviction.[1]

The methods they use in securing men for employers are varied. Every one who has been through the employment districts which center around the railroad depots of many of our larger cities is familiar with the flamboyant signs which are displayed in front of the agencies, advertising jobs and wages of various kinds. But the private agent does not put up his sign and then go comfortably inside his office and smoke his pipe. He leaves that kind of employment work to public and philanthropic employment offices. The manager and clerks in the private employment agency are paid a small salary and commissions. They get so much a head for the men they hire and their earnings depend upon their activity and success. Therefore they depend upon "personal work" to secure men. Generally one of the office clerks or the manager will be found in front of the office "buttonholing" men who go by on the street, urging them to come in and get a job. The larger agencies have "runners," who circulate among the men on the streets dressed in working clothes and appearing identical in type with the class of workingmen among whom they are working. Indeed, they are the same; but they have temporarily secured this particular kind of job. These "runners" do not let the workers in the district know that they are employees of the employment agency, but in saloons, boarding houses, pool rooms, and other places where workingmen congregate they casually get into conversation with the groups of men, tell them about "a fine job" that such and such an agency has listed, and suggest, "let's all go out on that job to-night." They lead their men to the agency and get them signed up and their fees paid. These "runners" are paid only their commissions on the men whom they bring to the office. Ordinarily they show up with the rest of the crew at "shipping time," go down to the train and then, either in the depot or after they have actually boarded the train, they slip away to do the same kind of work the next day. A typical agency had two men in its office but eight on its staff, six of whom were doing this sort of work. In other cases employees of the agency go openly through the saloons and other "hangouts" and talk with the men, giving those whom they succeed in interesting a card of introduction to take to the agency and be signed up for the job. These men are credited with hiring such men as come to the office with their cards of introduction and receive a commission from the fees paid by such men.

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[1] Cf. also testimony relative to "Employment Agents' Protective Associations," in Final Report of Industrial Relations Commission, Vol. II, pp. 1177–1191.

Saloons, hotels, pool rooms, and lodging houses are also definitely utilized by the employment agencies for the recruiting of men. It is not possible to tell whether the agencies give these business concerns a rebate from the fees obtained, or whether they get their entire profit from the workingmen who are directed to them by the agencies.

In many cities certain saloons have had definite arrangements with employers to act as recruiting agencies for them. The system employed at one of these saloons is an interesting sidelight on the sense of responsibility to their workers developed by some employers. Thank God, most employers are not of this type. The saloon in question had a restaurant in the rear of the saloon and a lodging house upstairs. Advertisements of the labor needs of four firms were written on the mirror back of the bar with a notice that a representative from the employers would come to the saloon at seven in the morning to take any men who wanted jobs out to the work. "Runners" came to the saloon each morning and took the men who were assembled there to the establishments, one of which was fifteen miles out of town, but which made no effort to provide housing at the plant. Each evening the runners took the men back to the saloon again to sleep. The men were paid off with brass checks *cashable at the saloon*.[1] Each night they received a check for $1.50, which was approximately two thirds of their day's wage. This check was cashable only at this particular saloon or by the employer himself. The saloon keeper did not give the men more than one half of a check's value in money; the remainder had to be taken out in trade — lodging, meals, or drinks.

4. Employers' and Trade Union Employment Offices

Employers' associations, and in some cases Associations of Commerce,[2] have maintained employment offices in many cities. They have had a number of reasons for doing so. In the first place, there were no efficient, reputable agencies to whom they could turn when in need of labor. They lacked confidence in the public agencies and held the private agencies already described in contempt. They had to have some reliable agency that they could depend on for the kind of men they needed. Sometimes they were actuated by the desire to have an anti-union office, or at least one devoid of union influence. In other cases, as at Detroit, their chief purpose was probably to attract labor from other places for growing local industries, while they also thought it cheaper to maintain a joint office than well-equipped employment offices in each plant. But workmen in general will not patronize an office maintained by employers.

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[1] The facts in this case are fully known to the writer. Cf. "Levying Tribute on Those Seeking Work," *The Survey*, Vol. XXXVI, p. 457.

[2] Cf. "Policies and Methods of Employment Agencies Maintained by Employers or Associations," Andrew J. Allen, Bulletin 192, United States Bureau of Labor Statistics, pp. 52–53.

They are afraid that it will be used "for blacklisting, breaking strikes, and beating down wages."

The well-organized trades maintain an employment service for their own members. The business agent or secretary of the union keeps a list of all unemployed members, and employers who need men simply telephone the business agent, who then notifies the men. This works very well where trades are completely organized and employers operate under an agreement with the unions. But employers in general will not patronize a union office any more than the men will patronize an employers' office. "It gives the union too powerful a weapon in the struggle for control."

The field of usefulness of offices maintained by groups of employers or by groups of workers is therefore very limited. They may solve the employment problem for special groups of establishments or of workers, but they cannot provide any general organization of the labor market.

5. Philanthropic or Semi-Philanthropic Offices

Every city of any size has had free employment offices operated by charity societies, and practically free ones operated by such organizations as the Y. M. and Y. W. C. A. In the larger cities these are often very numerous. But the suggestion of charity makes it impossible for them to serve more than the very limited number of persons who patronize the organization in question. They do some good for individuals, but they do not and could not organize, or even help organize, the employment market. They simply constitute one more means of decentralizing a service which can be efficient only if centralized. They have done a great deal of good for particular individuals who have needed the particular kind of help that they have been able to give, but their value is negligible when they are appraised from the point of view of the industrial problem of employment. They have tided some unfortunate or some young man or woman over a personal difficulty in securing employment, but they have contributed little to the larger problem of filling industry's need for workers, and wage earners' needs for employment.

6. Public Employment Agencies

We come now to the public employment agencies, which operate without charging fees and at the taxpayers' expense. They were as complete a failure, as far as organization of the labor market is concerned, up to the time when we entered the war as the private agencies. In an article[1] on this subject in June, 1918, the writer said:

> "We have state and municipal offices in nearly half of the states, but in most cases each local office works individually and without any correlation with other public offices in the same state. The federal government has had an extremely crude employment system in the post-offices, and has made a weak attempt at federal-state coöperative offices in the Immigration Bureau. Both of these experiments were failures, and the Federal government is now attempting to develop a real organization of the labor market through the Department of Labor. Little practical progress has been made, and no genuine success will be achieved until the nation more fully recognizes some of the fundamental facts in the situation with which they are seeking to cope."

Our national need is very evident.

> "We must have a system of employment offices, national in scope and monopolizing the whole employment business, which will be so carefully worked out that every worker can be placed in the nearest job that he is able to fill and will have access to every job open to his particular capacity. Our system must be able to keep every workman employed with the maximum steadiness; must be able to sift and classify the laborers, so that individuals who have a tendency to degenerate into casuals may be spotted and if possible held to steady employment; and must be able to sift out and furnish employers *with the kind of men they want.* It must dovetail the industries of each locality so as to use every man in the locality as steadily as possible in that locality.
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> "To accomplish these manifold purposes we must have a national system of employment offices, with adequate branch offices and a

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[1] "A Clearing House for Labor," D. D. Lescohier, in *The Atlantic Monthly*, June, 1918, pp. 779 f.

clearance system for transferring and splitting up orders among the offices. . . .

"This clearing-house system, if it were combined with a monopoly of the labor market, would enable the public employment offices to check labor migration by always finding the nearest man who was competent to fill the position. We should not then have men leaving Chicago to fill jobs in St. Louis at the same time that men are leaving St. Louis to fill the same kind of jobs in Chicago. The pressure would be put on men to make them remain where they are, instead of to cause them to move. Within a big labor market like New York or Chicago tens of thousands of jobs would be filled annually by local men which are now filled by outsiders; tens of thousands of men kept at home who are now emigrating to other localities.

"The effect which such a system of offices might have upon labor turnover is even more important. That portion of the labor force which is most frequently changing jobs would soon be recorded in the files of the employment offices. A glance at a workman's card would show his history — whether he was a casual, an irregular laborer, or normally a steady man. It would show the kind of work he has followed. Any local office desiring further information concerning a certain man could quickly get it by telephoning or telegraphing other offices in which he was registered. The sifting of men and their individual treatment would become a practical possibility instead of a theoretical ideal. The offices could use pressure to hold a man steady.

"The record of employers would be equally useful. Those plants which revealed excessive turnover could be easily sifted out, and the matter brought home to the attention of their managers. By personal interview, bulletins, and correspondence the offices could call to the employers' attention the causes of excessive turnover, its cost and its treatment. The criticism of workmen against individual firms could be brought to the employer and the faults corrected.

"But most important of all the advantages are two — that the market for labor would be centralized, and that those in charge would be interested in serving the needs of the employer and the employee rather than in personal profit. Centralization in the labor market has the same advantage that centralization in any market has. The buyer and seller have the maximum opportunity of getting in contact with some one with whom they can do business. At present, with a large number of unrelated employment offices operating in the same town, — state, federal, commercial, philanthropic, trade union, and the rest, — the employer who wants a certain kind of man frequently places his order in one office while the employee who seeks that kind of work files his application in another. The two fail to meet. With a single, coördinated system of offices, the two will come together in every instance.

"An employment system run for profit will never give either our industries, our workers, or the nation sound service. The profits of the employment agent come at so much per head. *The more heads, the more dollars. The greater the turnover, the larger the profits.* The interests of the laborer demand a steady job. The interests of the employment agent are exactly the opposite: the more men he sends out, the greater the number of fees. Private agencies are daily shipping men by the thousands whom they know will not stick. Frequently they know that the man's real intention is to jump the job he is sent to and go to some nearby work. But what's the difference? Large turnover means large fees, and large fees are the object.

"The state and municipal offices as heretofore managed in this country have in most cases (not in all) developed a similar motive favoring turnover. In their case it is unconscious. They measure their efficiency by the cost per head to the state of the men sent out. They brag that it has cost the state but 30, or 25, or 19 cents per man sent out, as compared with the two-dollar fee collected from workmen by the private agencies. Since most of the state and municipal agencies have a set budget, say five or ten thousand dollars per year, approximately all of which they spend, their average cost is lowered in proportion to the number of men sent out while spending the appropriation. The larger the business, the smaller the average cost per job filled, and the better the showing. The natural result is an emphasis on the number of men sent out rather than on the quality of service rendered. Instead of studying their local market, to develop policies that will give the local workers the maximum continuity of employment and local employers the steadiest possible labor force, their effort has been concentrated upon getting orders for jobs vacated, and men to fill them. They have made no effective effort to decrease labor turnover, and if they do they will impair their showing before their legislative bodies by running up a higher per-capita cost for placement. Cheapness rather than quality has been the criterion thus far applied to their service. And it is the criterion that will continue to be applied until we establish a comprehensive system of employment offices, in charge of men who understand the employment problem and are technical experts in dealing with it, and who are independent of the annual and biennial criticism of local legislative bodies, not conversant with the problems being worked out. It is only under such conditions that the employment organization can attack and solve the vital problem of our labor market." [1]

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[1] "A Clearing House for Labor," D. D. Lescohier, *The Atlantic Monthly*, June, 1918.

CHAPTER VII

DEVELOPMENT OF PUBLIC EMPLOYMENT ORGANIZATION BEFORE THE WAR

One cannot understand the forces which brought the United States Employment Service into existence during the war and determined the type of its organization and policies, unless one is familiar with the development of public employment offices, federal, state, and municipal, before the war. We will therefore present, as briefly as possible, the outstanding characteristics of the public employment exchanges which preceded the war.

The first public employment exchanges of a permanent character in the United States were established in 1890 by Ohio in five cities of the state. California had a labor exchange in San Francisco from April, 1868, to April, 1872, which was supported for a few months by private subscription and then by funds appropriated by the legislature. But it passed into private hands in April, 1872.[1] The offices were desired by organized labor but opened with the discouraging handicap of opposition from some employers, who looked upon them as agencies favorable to labor, and indifference and skepticism on the part of others, who saw no need for them and had no confidence in any public office because of past experience with politics and politicians. This handicap has remained with the public employment offices, state, municipal, and federal, down to the present time.[2] A majority of the employers of the country have been either hostile, indifferent, or contemptuous. Some of them have been unable to see any need for such offices or have scouted the idea that they could become efficient. A *minority* have realized that public offices would not furnish men without some regard for the men's interests, and have preferred to do business with private offices that would look upon labor as a commodity. These employers, though relatively few in number, have hired large numbers of laborers through the private offices, and like their way of doing business.

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[1] The detailed history of this early state labor exchange will be found in "A History of California Labor Legislation," Lucile Eaves, University of California Publications in Economics, Vol. II, August 23, 1910, pp. 337–341.

[2] The British offices have encountered the same opposition. Cf. *The British System of Labor Exchanges*, United States Bureau of Labor Statistics, *Bulletin No. 206*, p. 8.

This opposition and indifference of employers must be kept in mind while reading this chapter and Chapter IX. It partly explains the slow development of public employment offices in the United States, the niggardliness of legislative bodies, the inefficient personnel which manned so many offices. The failure of employers to recognize the offices and interest themselves in them caused many state and municipal offices to become "dumping grounds for labor politicians" who lacked the capacity, the preparation, and the vision for the work. *No public employment system can be a success unless the employers and the workers have a mutual interest, a mutual sense of ownership, a mutual pride and confidence in it.* This is the essential, the fundamental problem to be solved in organizing the American employment service.[1]

Twelve public offices were established between 1890 and 1900 and fifteen more between 1900 and 1907. Widespread unemployment in 1907–08, following the panic of 1907, and an increasing public realization of the evils connected with fee-charging employment agencies, caused a vigorous demand in many parts of the country for adequate public employment offices during 1908–09. Seven new offices were established in 1907, nine in 1908, and four in 1909. But the public's memory is erratic. The experiences of 1907–08 were soon forgotten. Only six offices were added between 1909 and 1913. The panic of 1914 renewed the agitation. In the next three years forty offices were added, making a total of ninety-six in the country.[1]

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[1] Cf. Chapter, X, XI; also "Policies and Methods of Employment Agencies Maintained by Employers' Associations," A. J. Allen, *Bulletin 992*, United States Bureau of Labor Statistics, pp. 52 ff.

The agitation for public employment offices before the war arose largely out of the evils of unemployment.[2] Each time that industrial revulsions threw unusual numbers of people out of work, there was a demand for public employment offices as means of relief. Certain public officials and other persons familiar with the abuses perpetrated by fee-charging agencies saw the need of substituting public offices for these commercial ones.[3] A few perceived the need for an organized labor market and that employment work can be efficiently done only by a centralized employment system.[4] It is interesting, in the light of recent developments on the subject of employment, to find Frank J. Warne arguing before the New York Commission on Unemployment in 1911 that there is no problem of employment of which the state should take cognizance except the problem raised by those who are unable to take care of themselves during unemployment.[5]

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[1] "Public Employment Offices in the United States," Herndon, *Bulletin 241*, United States Bureau of Labor Statistics.

[2] Cf. Preface, *Bulletin 192*, United States Bureau of Labor Statistics; also "Is a National Bureau of Employment Desirable," Jacob Lightner, *Bulletin 220*, United States Bureau of Labor Statistics, p. 28; "The Struggle against Unemployment," C. R. Henderson, *American Labor Legislation Review*, May, 1914, p. 294; "Progress of the Public Employment Bureaus," Henry G. Hodges, *The Annals*, January, 1917, p. 91; "A Federal Labor Reserve Board for the Unemployed," Wm. M. Leiserson, *The Annals*, January, 1917, p. 103.

[3] Report on Conditions and Management of Public Employment Offices in the United States, Charles B. Barnes, *Bulletin 192*, United States Bureau of Labor, Statistics. History of offices to 1914; "The Movement for Public Labor Exchanges," Wm. M. Leiserson, *Journal of Political Economy*, July, 1915, p. 707.

[4] An interesting picture of the development of American thought on the subject of public employment offices can be obtained by a comparison of two articles written by Dr. Edward T. Devine in 1909 and 1919. The evolution of his thought epitomizes the changes which have occurred in the views of thousands in the last decade. In an article entitled "Employment Bureau for the People of New York City," *The Annals*, March, 1909, he shows why he does not believe that employment exchanges can be operated successfully "by any branch of the Federal Government." In *The Survey*, April, 1919, under the heading "The United States Employment Service, an Analysis and a Forecast," he reveals his enthusiasm in the possibilities of service of an adequate federal employment organization.

[5] Third Report, New York Commission Employers' Liability and Unemployment, pp. 174–176.

Two new influences began to affect the situation about 1910. The nation began to realize the evil of excessive labor turnover and this directed attention to a comprehensive system of employment offices as a means of relieving labor turnover. About the same time public employment officials and economists began to call attention to the fact that employment offices should not be looked upon as relief agencies but as a permanent part of our business machinery with the continuing function of finding men to fill the places in industry which become vacant from time to time and of finding work for the wage earners who become idle from time to time. Before 1907 the employment agency was thought of as a means of relieving the miseries of unemployed workers. After 1910 it began to be conceived as a piece of social machinery which has as great responsibilities to the employer as to the workman.

The formation of the American Association of Public Employment Offices in 1913 did much to clarify this idea.[1] It directed the attention of employment offices to the fact that they could not serve the needs of either the employee or the employer efficiently unless they served the interests of the opposite party efficiently. It tended to put the employment office in a neutral position as between the employers and the employed, and to emphasize service rather than relief. Equally important, its work constituted one of the first organized efforts to educate the nation to the kind of employment organization needed for efficient labor placement.[2] It is both remarkable and interesting to note that the discussions of this association were one of the first places in which the shortcomings of the state and municipal offices were emphasized. These men saw and called attention to the inadequacies and inefficiencies of their own offices. They saw and declared that the task was beyond the powers of their organizations; saw that their offices were not meeting the country's needs; and pointed the nation toward the kind of an organization needed.[1]

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[1] Compare, for example, the discussions in the Proceedings of the Association as reported in Bulletins 192 and 220 of the United States Bureau of Labor Statistics.

[2] Cf. Annual Proceedings, Bulletins 192 and 220 of the United States Bureau of Labor Statistics. The proceedings of the 1918 meeting, which have not yet come from the press, will reveal this tendency in even more constructive plans.

The Commissioner of Labor of Minnesota reveals the country's developing conception of the employment problem in his 1913–14 biennial report:[2]

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[1] The Commissioner of Labor for Minnesota furnished an interesting illustration of this attitude in his report for 1913–14. He says of his own system of offices:

"We are frank to state that our state offices have in the past been as open to criticism as the private offices, though their fault has been a failure to take full advantage of their opportunity of service and not, as in the case of the private offices, dishonorable practices. They have been inefficient. A careful investigation of the state offices made during the past year by this department has uncovered their various defects and we have perfected a scheme of reorganization that will, we believe, make the offices a credit to the state and a source of widespread benefit. This plan cannot be carried out unless a state superintendent of the offices is provided.

"The offices have catered altogether too much to casual labor in the past. A considerable proportion of those who apply for work have been the casual laborers and riff-raff of the cities, many of them unsteady and almost 'down and out.' They are the sort of men who work only when circumstances force them to and who are looking for short jobs, not for steady work. Mingled with these, there have been a sprinkling of the better types of laborers; particularly at the Duluth office, which sends out more men to 'permanent' jobs (*i.e.*, jobs lasting weeks or months, rather than hours or a day or two) than either of the other offices. Neither have the employers who have patronized the offices been, on the whole, the class looking for 'permanent' employees but those looking for 'handy-men' for odd jobs. Occasionally a manufacturer or contractor or other employer has come looking for regular employees, but on the whole these have patronized the private agencies except when looking for men for a day or two's work or when the private offices could not fill their orders. The major portion of the employers who have patronized the offices have been looking for help for from a few hours to two or three days, and the minority have offered steady work.

"The fundamental failure of the offices thus far has therefore been in not securing the patronage of the better classes of either employees or employers and in catering to casual labor. This has not been the policy of the offices, but has resulted from the fact that there has been no one on whom the responsibility has rested to go out and build up business connections with those not accustomed to patronize the offices. In other words, the offices have lacked proper advertising. They have also lacked proper internal business organization and proper record systems. But we believe that we now understand what is necessary to be done in order to make them highly efficient business offices that will so organize the Minnesota labor market as to reduce unemployment, decrease the suffering of the unemployed, and enable employers to get men more quickly and satisfactorily. The carrying out of the detailed plans now prepared depends fundamentally upon the legislature providing a state superintendent and giving the department power to license and adequately regulate the private employment offices."

[2] Introduction, p. 9.

"The time has come in the development of our state when we must face the problem of regulating employment and providing some efficient organization of the labor market which will bring the unemployed man and the employer seeking help into touch with each other. There are at all times of the year men and women out of employment and employers seeking help, and in the present disorganized state of the labor market both labor and capital lie idle when there is in reality a demand for their services if they only knew where the demand was. Some employers are letting out men at all seasons of the year while others are hiring, and there is needed a system of labor exchanges, that will bring the supply and the demand together. Private employment agencies, some conducted for profit and some of a charitable character, have endeavored to fill the need, but their work has been on the whole a failure, as far as the best interests of the workman and of the average employer are concerned. In the first place they have not conducted the work properly, and in the second place the distribution of labor can be efficiently carried on only by an organization that has a monopoly of the whole field. Private individuals who conduct employment offices do so for personal gain, except in the case of the few charitable agencies which are, in the total, of negligible importance. The private agencies try to carry on their business in the most profitable manner possible, and the opportunity of profit rather than the desire to serve the public needs is the paramount stimulus of their activity. Grafting of various kinds, exorbitant fees, falsehoods, trickery, and bullying of workmen, the shipping of men to remote places where no work exists or where the conditions are not as represented by the agent, have all been profitable and have occurred so frequently in every state in the union as to be justly called characteristic of their activities. These wrongs have been just as common in our own state as anywhere and have been discovered by this department in hundreds of cases which have been investigated during the last few years and upon which detailed reports are now on file among our records. Ultimately the state will probably be compelled to assume entire control of the distribution of labor and to do away with the private agencies. For the time being the two pressing necessities are the enactment of a law giving the labor department power to strictly regulate the private agencies and the creation of a superintendent of public employment offices who may develop the state offices so that they can take over the major portion of the work of distributing labor.

"Even if the private agencies did not stoop to unfair and dishonorable practices it is apparent upon a little reflection that the fundamental need in the organization of the labor market — a central clearing house where every demand for work can be brought into touch with its corresponding demand for help — cannot be provided by the private agencies. There should be one central clearing house with which every local labor agency would be affiliated and to which every local agency would send every unsatisfied demand for labor or for help, and which could shift orders from one local agency to another and thus give every applicant the highest possible number of chances of having his needs supplied. The larger the number of offices in existence (unless they are parts of a unified system) the more disorganized the labor market is and the greater the chances are that when a man applies for a given kind of work he will not get his job because the employer offering that kind of work has filed his application at some other agency. Within each state there should be a *single system* of employment offices to which all offers of employment and all requests for work would be brought, and through which each employer and each workman would have the maximum opportunity of having his needs supplied. These state systems should be and in time *will* be, coördinated into a national system of employment offices supervised by a central office and assist in the interstate shipment of labor."

The American Association for Labor Legislation did much to clarify the thought of the nation on the employment question. Its first National Conference on Unemployment in New York City, February 27, 1914,[1] represented a long step toward intelligent grappling with the employment question. It emphasized the irregularity of employment in America and the inadequacy of our employment machinery, considered the English and German methods of employment organization, and gave some attention to unemployment insurance. The association's second conference on unemployment, at Philadelphia, on December 28–29, 1914, was a constructive study of the existing or possible agencies which could be used for the prevention or relief of unemployment.[2]

[1] "Unemployment, A Problem of Industry," *American Labor Legislation Review*, May, 1914.

[2] *American Labor Legislation Review*, June, 1915.

These discussions, able as they were, were nevertheless distinctly one-sided. They looked upon the question of labor market organization as a *labor* question rather than as an industrial question. The problem before the meetings was the relief of unemployment, not the organization of the labor market to meet both the employer's need for men and the worker's need for employment. They did not sense the fact, at least clearly, that steadiness of employment is at least one labor problem in which the employers' and the wage earners' interests are identical.

The discussions in the *Annals*, on the other hand, have tended to emphasize the employers' side of the problem, and have neglected a study of the employment problem in its broader aspects. Most of the papers found there accept the existing labor supply and labor demand conditions, and center around the question, "What is the most efficient way for an individual employer to secure and select labor?"[1] The problem of national labor market organization is hardly touched, and is given but scant treatment even in the *Annal's* reconstruction numbers.[2] But the emphasis of the employers' side of the problem by the *Annals* is a very important contribution to the discussion of employment in America. It has saved the country, to a certain extent, from looking at the employment question as purely a wage earner's problem. It has forced the nation to take into account the industrial aspect of labor market organization, and to realize that the plan adopted must serve the employer's needs as well as the worker's, and enjoy his confidence just as fully as it does the confidence of the employee.

The state offices did not and cannot organize the labor market. But they nevertheless made some very definite contributions to the technique of public employment service. The Wisconsin exchanges, or offices, emphasized centralization. Their state superintendent, by frequent trips to their several offices, and by daily reports from each office, accomplished a coördination of the work in the state. New York, Massachusetts, and Ohio worked along the same lines. Ohio developed in 1917 the most complete unification of its offices attained by any of the state systems. Its twenty-two exchanges were in daily telephone contact with a central or clearing office at Columbus, and orders and men were transferred from one exchange to the other by this central office.

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[1] "Personnel and Employment Problems," *The Annals of the American Academy of Political and Social Science*, May, 1916; "Stabilizing Industrial Employment," *ibid.*, May, 1917.

[2] "A Reconstruction Labor Policy," *ibid.*, January, 1919; "Industries in Readjustment," *ibid.*, March, 1919.

Wisconsin also contributed two other ideas of much importance: joint financing of offices by the state and the local community and the community advisory board. It encouraged cities to bear part of the expense of the local office, thus increasing the annual appropriations for the offices and winning local interest and support as can be done in no other way. This was followed up by establishing a community advisory board composed of representatives of the state, the municipality, the employers, and labor organizations. This advisory board was a sort of board of directors to guide the policies of the local office, receive criticisms and complaints, and (when necessary) to fight its battles with legislative bodies. These boards, since widely used in other states and by the federal employment service, have done much both to improve the efficiency of the public offices and to keep the confidence of both the employers and employees for them.[1] They were the first definite recognition of the fact that employers have as much at stake in a successful public employment system as the workers.

Massachusetts was one of the pioneer states in the development of specialized departments within the employment office. She early recognized at Boston the need for the separate handling of skilled and unskilled workers, of juveniles,[2] and of women.

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[1] The advisory board, first used in Wisconsin, as far as we have been able to learn, was incorporated into the British employment service in 1917, and is an integral part of the new Canadian employment exchange system. They were also recommended for public offices in Austria.

[2] A series of papers on the relation between public school vocational guidance, employment office vocational guidance, and juvenile placement will be found in

Massachusetts also has the distinction of working out a record system which has formed the basis of all efficient public employment records in the United States. Vocational direction by employment offices and the use of interpreters when handling foreigners were early features of the Massachusetts system. The same state first took steps to effect definite relations between its public employment offices and the employment managers of industrial establishments, a feature of public employment exchange policy which must be emphasized in the future.[1] Public employment offices can accomplish the best results when working in intelligent contact with such employment departments. The development of such departments, and along sound lines, is one of the serious needs of the American employment situation.[2]

The National Farm Labor Exchange, a loose organization composed of state employment offices and of representatives of the United States Departments of Agriculture and of Labor, organized in the winter of 1914–15 and meeting annually at Kansas City, attempts to coördinate the efforts of the offices in the middle west to meet the demand for seasonal farm labor, particularly for the harvest. It has no administrative powers or functions and represents simply a means of exchanging information and effecting personal contact between the officers in the several states. It does not constitute an organization of the middle west labor market in any sense of the term, even for harvest purposes. Each officer goes home to meet his own problems as best he can. But it is a short step in the right direction.[3]

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the Proceedings of the American Association of Public Employment Offices for 1916, in Bulletin 220, United States Bureau of Labor Statistics. Cf. also "Juvenile Employment Exchanges," Elsa Neland, *American Labor Legislation Review*, June, 1915.

[1] See Chapter XII. Cf. also testimony of Walter Sears, Final Report, Industrial Relations Commission, Vol. II, p. 1275–1301.

[2] Cf. "Public Employment Bureaus and Their Relation to Managers of Employment in Industry," Hilda Mulhauser, *The Annals*, May, 1916, p. 170.

[3] Cf. National Farm Labor Exchange, Charles McCaffree, *Bulletin 192*, United States Bureau of Labor Statistics, p. 117. The reader can get a vision of the problem with which the exchange was organized to deal in "Plan for Gathering

The federal government made its first efforts in employment service under a law of 1907 which gave the Bureau of Immigration and Naturalization power "to promote a beneficial distribution of aliens admitted into the United States among the several states and territories desiring immigration." Little was accomplished under this law, but after the creation of the Department of Labor on March 4, 1913, more definite efforts to develop an employment service were undertaken.

The country was now divided into eighteen (originally sixteen) zones with employment headquarters in each zone, manned by an immigration inspector, sometimes styled "superintendent of employment." Some of these zones had branch offices, but neither a state's size nor its employment needs seemed to determine the number of districts or offices in it. Missouri comprised two districts and Pennsylvania one, while Texas contained three districts and nine branch offices. New York state had but one branch office — at Buffalo. The state of Washington had more branches than there were main headquarters in all the states along the Atlantic Ocean, and California had more offices than all of the states drained by the Mississippi River.

It is only by courtesy that one could call these *employment* offices; it would be a falsehood to speak of them as a federal employment *system*. Their methods of operation violated most of the canons of good employment practice, and they made little effort really to serve either employers or employees in general. They posted notices of positions open in such public places as libraries and post offices, with utter disregard of the number who might be led to go to the job, and equal disregard as to whether any one applied for it. The inexperience of the immigration inspectors in employment work, their inability to use the telephone and telegraph freely, their inadequate office forces and equipment, and the small number of offices, made any real service impossible.

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and Distributing Harvest Hands in the Grain States," W. G. Ashton, *Bulletin 192*, United States Bureau of Labor Statistics, p. 84, and in the United States Employment Service Bulletins during 1918.

The next step taken in the development of this pitiful[1] federal employment service was to make every post office an employment office. The eagerness with which this suggestion was received by thousands of people is a striking tribute to American ignorance of the country's employment needs and of the fact that employment work, properly done, is a *profession.* Post office clerks, like immigration clerks, have other duties; and those duties are their main interest. To ninety per cent of them, any employment functions foisted upon them would appear a useless burden to be disposed of as easily as possible. Post offices, experience has shown, can be efficiently used as a means for directing employers and employees to the public employment office, but not as placement agencies. Attempted coöperation with the Departments of Agriculture and of the Interior likewise yielded but limited practical results. Some of the federal officials were so concerned about who would get the credit for what was done that they never got to the work for which credit was sought. Inter-department jealousy and suspicion crippled much of the effort at coöperation.

In other words, the vision of the assistant secretary of labor had no sound basis. Neither the organization itself nor the personnel of that organization justified his hopes. He said of this federal service:[2]

> "By statutory implication, therefore, the Bureau of Immigration, through the Division of Information, has become an *appropriate* instrumentality of the Department of Labor for promoting the welfare of wage earners especially with reference to labor distribution. It is not at all improbable that the Department of Labor will thereby (by coöperation with the post office and Department of Agriculture) be able to promote labor distribution extensively and satisfactorily,

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[1] The reader who is not familiar with these offices can get an illuminating picture of their work by following the monthly reports of it in The Labor Review, United States Bureau of Labor Statistics, from 1915 through 1917. Their total placements for the six years ending June 30, were 35,430, of whom over 80 per cent were aliens. Their applications for work averaged from four to six times the number placed. We are therefore directing the reader to their most prosperous period, 1915–17.

[2] "Government Intervention in Idleness." The Survey, Vol. 34, p. 270.

that public lands and arid lands unclaimed by governmental irrigation systems may be utilized in aid thereof, that farm credit and farm marketing projects may be stimulated by its further promotion, and that agricultural and other vocational training may come coöperatively into the service for the solving of employment problems. . . .

". . . There are hopes of some experimentation with plans the Department is considering on a scale more comprehensive than that of wheat-harvesting, for establishing annual vacations for wage earners. The essential theory of these plans is that all interests could be better served if the sporadic demands for seasonal work of various kinds were systematically met by wage earners on vacation."

CHAPTER VIII

THE WAR AND THE EMPLOYMENT MARKET

THE war forced the nation to attempt the organization of the labor market, by destroying the labor surpluses on which the employers had depended.

When war broke out in Europe in 1914, its immediate effect upon employment in America was disastrous.

> "All along the Atlantic coast industry and commerce were dislocated; shipping was tied up; men found that the war had taken away their work, their source of livelihood. Their number was increased by the sailors from interned foreign vessels. Factories dependent upon European trade or products began to run part time and then stopped. . . ." "As the weeks went by the amount and extent of unemployment increased throughout the country. . . . Bread lines have been very long during the past winter. Women as well as men have been in those bread lines."[1]

Dress goods manufacturers found their business dislocated by inability to get German yarns.[2] Canners along the Delaware coast had to shut down.[3] The oil trade was hard hit.[4] The dye famine paralyzed colored cloth manufacture but stimulated white goods.[5] Steel mills had to retrench.[6] Copper mines stopped production.[7] The cotton growers were threatened with ruin.[8] Tanneries were closed by stoppage of hide importations.[1] The congestion of export shipments in seaports because of disturbance to commerce was serious.[2] Seventy thousand employees of tin plate mills were idle because of the mills' inability to get raw material.[3] On August 7 the *New York Journal of Commerce* predicted that 500,000 men would be out of work in the Pittsburgh district if the war lasted a month.[4] On August 19 the *Journal* stated that reports of industrial unemployment were "growing decidedly more numerous,"[5] and that practically all lines were sharing curtailment in New England.[6] These are but illustrations of the conditions which obtained in a large number of industries or in individual localities or plants. The reasons for the situation were shown by Mr. Johnson, president of the Baldwin Locomotive Works:

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[1] Samuel Gompers in *The Annals*, Vol. LXI, pp. 4–10, September, 1915.

[2] *New York Journal of Commerce*, August 12, 1914, p. 7, col. 1.

[3] *Ibid.*, August 15, 1914, p. 9, col. 3, and August 13, p. 1, col. 6.

[4] *Ibid.*, August 15, 1914, p. 8, col. 1, and August 14, p. 8, col. 3; August 12, p. 2, col. 3, and August 18, p. 3, col. 4.

[5] *Ibid.*, August 15, p. 5, col. 2, and August 17, p. 7, col. 4.

[6] *Ibid.*, August 5, 1914, p. 3, col. 5; August 12, p. 5, col. 3; August 13, p. 8, col. 5; August 13, p. 8, col. 7; August 14, p. 8, col. 7.

[7] *Ibid.*, August 5, 1914, p. 3, col. 4; August 14, p. 2, col. 3.

[8] *Ibid.*, August 3, 1914, p. 8, col. 2; August 13, p. 2, col. 3; August 14, p. 1, col. 3; August 14, p. 1, col. 7; August 17, p. 7, col. 6.

> "When the war broke out at the beginning of last August, the first result was the sudden and complete paralysis of the financial fabric of all the nations of the world. . . . Not only in our own country, but everywhere, the cessation of financial operations, including the closing of the stock exchanges, occasioned a discontinuance of everything looking to new business, deprived the industries of their markets, and left the manufacturers with nothing to do but to carry out so much of their existing contracts as were not affected by the outbreak of the war. Prior to the war a condition of business prostration had already existed. . . . Then came the declaration of war, which put all large business to an end. We discovered not only that financial operations had stopped, but our merchants, manufacturers, and shippers found that, because of our dependence upon the vessels of other nations, the means of continuing our foreign commerce was gone." "Little by little we have been emerging from that condition. . . . The belligerents have placed with us contracts for vast sums of war material. This has established an activity which in certain lines of business is almost feverish, but it has not created general prosperity. Many lines of business . . . have not yet been roused from their lethargy."[7]

[1] *New York Journal of Commerce*, August 13, p. 8, col. 6.

[2] *Ibid.*, August 4, p. 9, col. 2.

[3] *Ibid.*, August 8, 1914, p. 8, col. 7.

[4] *Ibid.*, August 7, 1914, p. 4, col. 3.

[5] *Ibid.*, August 19, 1914, p. 4, col. 3.

[6] *Ibid.*, August 19, 1914, p. 2, col. 5.

[7] Alba B. Johnson in *The Annals*, Vol. LXI, p. 1, September 1915.

The recovery from the first stagnation began soon after the war started, but was felt only in certain lines of production. The powder plants began to increase their forces early in August, 1914.[1] Orders for canned goods also began to come in.[2] Manufacturers of some kinds of paper found their business stimulated[3] although other lines remained quiet. The removal of foreign competition benefited glass factories.[4] Shoe manufacturers quickly obtained orders for soldiers' shoes.[5] Cotton manufactures recovered under the assurance that English competition would be reduced. Gradually industry after industry obtained orders for products for Europe, commerce was reopened, and banking institutions readjusted their business. The withdrawal of millions of European workmen from production caused Europe to draw ever more heavily upon our productive capacity. The decrease in immigration to America stopped the further accumulation of laborers on our soil.

The excessive labor surplus of 1914–15 slowly disappeared, and employers in many lines were complaining of a real or fancied labor shortage when the spring of 1917 arrived. Then America entered the war. Thousands of employers were immediately thrown into a veritable panic at the prospect of losing to the army and navy millions of experienced men of all grades, after three years of diminished immigration.

The labor shortage which they anticipated did develop.[6] During 1917 there was some shortage in men of special qualities, but no shortage in the gross number of workers. The 1917 shortage was not so severe as many had expected it to be, and represented a problem only in specific occupations. The panic

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[1] *New York Journal of Commerce*, August 10, 1914, p. 10, col. 6.

[2] *Ibid.*, August 4, 1914, p. 8, col. 5.

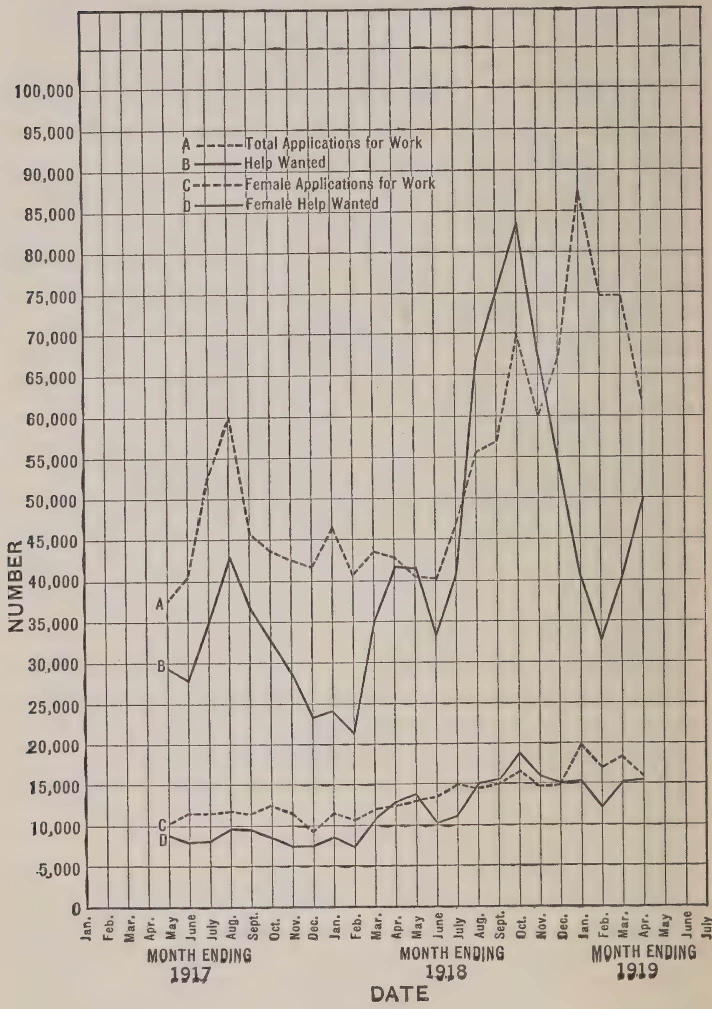
[3] *Ibid.*, August 12, 1914, p. 8, col. 5; also August 13, 1914, p. 8, col. 2.

[4] *Ibid.*, August 14, 1914, p. 8, col. 2.

[5] *Ibid.*, August 14, 1914, p. 9, col. 6.

[6] Cf. data on shortage of common labor in *Monthly Labor Review*, September, 1918, p. 300; on conditions in Ohio, *ibid.*, pp. 302–304; the *Monthly Labor Market Bulletin* of the New York Department of Labor during 1918, or the United States Employment Service *Bulletins* for the weeks April 16, May 7, June 11, 1918, and from then on almost every bulletin, especially July 23, August 6 and 20, 1918. The *Monthly Labor Review*, February, 1919, pp. 131–133, summarizes the labor demand from January, 1915, to December, 1918, in the form of a demand curve.

CHART VI. — THE WAR-TIME LABOR MARKET IN OHIO



into which the employers were thrown by their fear of labor shortage, coupled with their ability to shift to the shoulders of the government excessive labor costs incurred through abnormal wage offers, caused a struggle among employers for labor which was not consistent with the labor supply situation but which seriously stimulated labor turnover. The curves presented in Chart No. VI present the history of the labor market in Ohio during the war period.[1] The data for the curves were taken from the monthly reports of the Ohio Employment Service. Curves *B* and *D* show the fluctuation of employers' demands for help; *A* and *C* show the fluctuation of employees' applications for work. A comparison of curves *A* and *B* shows that the number of wage earners applying for employment was much in excess of the number sought by employers during 1917 and that the labor shortage did not begin in Ohio until about the first of April, 1918. From May, 1918, until the armistice was signed there was a definite shortage of labor. Employers' applications for help far exceeded workers' applications for employment from July to November. The steady rise of the number of applications for work during this period in spite of the rapid absorption of labor by the industries is due to the large number of persons from states farther west who went into Ohio to work in war industries. The rapid rise of employees' applications after the signing of the armistice is largely due to the laying off of large numbers who were then thrown upon the labor market. The curves from November, 1918, to February, 1919, show a steady fall in employers' demands for help and an accompanying rise of employees' demands for work; while the revival of business in the spring of 1919 is clearly seen in the rise of the employers' demand curves (*B*, *D*) in February and March.

Curves *D* and *C* show the demand for and supply of women workers during the war. It will be observed that there was no marked increase of employers' demands for women workers until March, 1918. From March, 1918, to March, 1919, there was a much stronger demand for women workers than before the war. In the months just before the signing of the armistice, employers were asking for more than twice as many women workers as they had sought during 1917. It is both interesting and significant to note that the number of women seeking industrial employment rose as steadily as the call for their services developed. The women responded quickly and consistently to the war-time demand for them. The women who responded to Ohio's war-time demand were probably almost entirely Ohio citizens. It will be observed that the same sharp labor surplus developed among women workers in Ohio after the armistice as developed among the general labor force.

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[1] This curve was drawn by Melvin Wagner, a student at the University of Wisconsin, under the direction of L. B. Krueger, Instructor in Statistics.

The disorganization which had characterized our labor market during peace times degenerated into veritable chaos during the early part of the war period. Employers stole men from each other; labor scouts infested the centers of labor distribution; private employment agencies reaped a harvest.

> "A trainload of workers came from a western point to a new War Department construction job on the seaboard. The Employment Service brought them. The War Department paid the bills. The job is vitally important and must be rushed to the limit. Like many other jobs now being done by the Government the lives of many of our men and the time when our full strength can be employed in the War depend in part upon it. But bright and early next morning the agent of a firm which has a Government contract and a plant a few miles away came over, offered the men three cents an hour advance, and took the whole trainload away.
>
> "A very enterprising labor agent in Tennessee showed his appreciation of the situation by sending, with a trainload of workmen dispatched to a Government contractor, a special agent, with instructions to deliver the men, take the contractor's receipt, and then bring them back to be shipped elsewhere for another commission.
>
> "Hundreds of other instances occur — some scandalous, some traitorous, and others merely humorous, like the case of the zealous but absent-minded young labor agent at Norfolk, who not long ago succeeded, by raising their wages, in hiring two men he met on the street, away from his own firm." [1]

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[1] "Destructive Labor Recruiting," C. T. Clayton, *Bulletin 247*, United States Bureau of Labor Statistics, p. 56.

J. B. Densmore, Director General of the United States Employment Service, described the situation in these words: "Thousands of private employment agents were continually luring men from one job to another. Men employed on government work in Buffalo were transported to another government job in San Francisco, only a week later to be carried back to Boston. This anarchy of employment served the welfare of none. Workers and their families suffered from being ever on the move. Employers were injured because of the inescapable waste due to an extravagant labor turnover. The nation itself was hurt because under these circumstances human energies which might have been directed toward victory were vainly expended in a futile search for the achievement most desired by the government."[1]

Experienced employment men were not infected with this fear of labor shortage, but it was months before the business world would listen to them. These men knew that America could man her war industries if proper machinery for recruiting and distributing labor was provided by the government, and the reckless competition of employers for men was checked. There was no time during the war when there was a shortage in the quantity of labor in America. There was a real shortage of men of quality. It was difficult to get an adequate supply of certain classes of skilled workmen; although other kinds, like carpenters, were a drug on the market.

The clear-headed interpretation of the situation by some of these experienced state employment officials is well illustrated by the statement which Mr. Charles B. Barnes, superintendent of the New York Public Employment Offices, made to the New York Industrial Commission in the spring of 1917. His prophecy was fulfilled by the events of 1918. He said:

"Already there is a cry of labor shortage which is not justified. . . . We are beginning to talk of the necessity for the use of woman and child labor, for which there is as yet no valid need. In reality, for a long time there has been a great loss of man power in this state because of unemployment. It is well known that up until about two years ago, an advertisement offering any position with fairly attractive wages, would bring to the factory or other work-place a large crowd of eager applicants. It is also well known that from all the work-places in every industrial community there were turned away every morning hundreds of men willing and eager to work. This meant a great loss of man power to the country, for these hundreds and thousands of workers lost anywhere from three days to three months in finding a suitable job. The total loss of days' work, counted in man power, is startling. This loss has been passed over without notice save when it was emphasized by bread lines and soup kitchens. With the expectant need of man power, we are now beginning to realize what we were wasting and are commencing to take up the slack. The truth of the matter is that there are in this country enough human beings potentially capable of doing all the work required, and that, too, without materially increasing the number of women workers. But there is an actual shortage of the kind of technically trained workers for which the changes in industry are causing demand. There is only one remedy for this apparent shortage, and that is, the training of unskilled or semi-skilled workers in such manner as will fit them to do the new work called into existence as a result of the war. We cannot escape the doing of this training, and the sooner we face the problem, the more productive the country will be. We are teaching thousands of men how to shoot a gun and handle a bayonet. It is just as desirable in this emergency to teach a man how to handle a tool and a machine. Thousands of the potential soldiers are just as unfamiliar with the rifle and the bayonet as are thousands of workers with the tool and the machine. There are enough human beings for both fields of training, but we must exercise as much care in the training and preparation for one field as for the other.

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[1] *The Annals*, January, 1919, p. 32. The same sort of conditions obtained in England during the early months of the war but the British employment service soon obtained control of the situation. Cf. "Lessons from English War Experience in the Employment of Labor," M. B. Hammond, *American Economic Review*, March, 1918, Supplement, p. 149.

"If this industrial training is not given now, and the continuance of the war compels us to have a second or a third draft, then we may be forced to ask for priority in labor and the stoppage of all so-called non-essential industries because we lack men of requisite skill to carry them on." [1]

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[1] Annual Report of the New York Industrial Commission, 1917, New York State Department of Labor, pp. 208-209.

But the government's policies during the early months of the war were not encouraging. The Navy Department struggled with the ordnance for men to get out its products; the cantonments competed with the shipbuilding; each government department fought the other in the labor market. It did not take any department long to discover that there was no market machinery upon which they could depend for labor recruiting. Disreputable private agencies received orders for men for government work, and the abuses connected with such agencies brought disrepute on the government. The government saw that it had to develop an organized labor market or fail in its military-economic program. As a result, the government undertook the establishment of the United States Employment Service.

CHAPTER IX

THE UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service, created by the Department of Labor during the war to assist "in the present emergency," is the only attempt which has been made to establish an *adequate* Federal Employment Service in the United States. It was the first step of our government toward a labor market organization equivalent to that of England;[1] but was created and set into operation under conditions that made carefulness and economy of administration impossible. Its first year's work does not constitute any test at all of the cost or the capabilities of such a service. It was established for the definite purpose of securing labor for employers in industries producing commodities of military importance. Military considerations, rather than industrial, controlled its policies and its purse strings. Many considerations which would have exercised a controlling influence on the Service in normal times were *properly* neglected in a war Service. Furthermore, it did not remain in operation on its war time basis long enough to have opportunity to correct its obvious faults.

The creation of the United States Employment Service was made necessary by the complete failure of the federal offices operated by the Immigration Bureau to meet the nation's needs during 1917. These offices, few in number, without policies or funds, and without either a chief or a personnel trained for employment work, were corks on a stormy sea. Month by month the chaos of the employment market grew worse. Only the heroic efforts of the individual states of the northwest,[2] aided by the Department of Agriculture in many cases, and of the federal employment office at Kansas City, saved the grain states from a disastrous harvest labor shortage. Ohio made rapid progress in handling her entire labor problem through a comprehensive state employment service. These cases but threw the general situation in our industries into stronger relief. Government departments competed with each other for labor; ordnance stole men from shipbuilding; shipbuilding from aviation; shells from powder. Turnover increased by leaps and bounds. On January 3, 1918, the Secretary of Labor ordered the separation of the Employment Service from the Bureau of Immigration and "its expansion and operation" as the United States Employment Service under the direction of John B. Densmore of Montana, formerly solicitor of the Department of Labor. Mr. Densmore had to face the task "of building a machine and operating it at the same time." The Service had to begin to function immediately even though it had neither organization, equipment, nor staff. It was expected to deliver results in thirty days that in normal times it would have been given years to attain.

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[1] See Chapter X.

[2] Ohio, Minnesota, Wisconsin, Iowa, Illinois, California, and other important food-producing states worked out state plans which furnished, in the total, a very large amount of labor to agriculture.

The first plan of organization adopted provided for two Assistant Directors — one in charge of field work and quasi-official bodies and the other in charge of administrative work — divisions of Information, Women, Investigation, Statistics, Service Officers, and Farm Service; and the continuation of the Public Service Reserve and Boys' Working Reserve. The country was divided into thirteen administrative districts on February 23, each consisting of from two to five states, with a District Superintendent in each district and a State Director of Employment in each state.

The organization was again modified on March 1 by an order of February 22, by the elimination of one of the two Assistant Directors, provided for in the original plan; the creation of a Policies and Planning Board, composed of the chiefs of the different divisions; the creation of a Division of Training of Personnel, and the elimination of the Division of Investigations. The Divisions of Information and Administration were combined and a clearance function added, in a new Division of Information, Administration, and Clearance. This division constituted the center or main body of the Employment Service. It had charge of the collection of information upon conditions of demand and supply in the labor market, of actual placement work, and of the shifting of labor supplies from state to state.[1]

It had become clear to the Service, after a few months of experience, that the secret of success was going to be found in a "centralized administration at Washington and decentralized operation with the states as the unit." A committee of advisors who were summoned to Washington by the Director General for the purpose, after a series of conferences with employment experts from all parts of the country, worked out a third important reorganization. The District Superintendents had proved to be a "fifth wheel," which obstructed rather than increased the efficiency of the organization,[2] while the necessity of clearing through the district offices retarded rather than assisted in the clearance of orders between states. This reorganization provided for "the gradual elimination of the district superintendencies; the centering of responsibility for the field organization on the federal directors of employment for the states; the institution of uniform methods of office operation; and the realignment of the administrative work of the Director General's office at Washington into five divisions, each in charge of a director." [3]

The five new divisions were: (1) Control, (2) Field Organization, (3) Clearance, (4) Personnel, and (5) Information. The

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[1] Annual Report of the Director General of the United States Employment Service, June, 1918, p. 8. A brief description by C. F. Stoddard of the Service at this stage of its development may be found in *Monthly Labor Review*, May, 1918, p. 191.

[2] The country's experience with this feature of the Employment Service is an interesting illustration of the way that good "paper plans" often fail in practice. The author, in common with most pre-war advocates of a federal service, believed in the district system of administration. But less than sixty days' experience with the district plan thoroughly convinced him that the sooner the districts were eliminated the better for the service.

[3] Annual Report of the Director General of the United States Employment Service, June, 1918, p. 35.

Control Division had charge of all central office administrative work, such as general correspondence, reports, supplies, and finances. The Field Organization Division's function was to create, perfect, and operate "an efficient system of employment offices in each state," to supervise the Public Service Reserve and Boys' Working Reserve,[1] and to create special facilities for meeting special problems. It was the division of administration of employment offices. The Reserves would, of course, not be continued in peace times, but the other functions are of a permanent character. The work of the Clearance Division was closely related. Its function was to distribute requests for labor among the states; to obtain reports from each state showing its unfilled labor demands, and other reports showing its types of unemployed labor, and to notify state directors who needed men of certain types what states could meet their needs; and also to arrange transportation details for the movement of men from one state to another. The Personnel Division, as its name implies, was in charge of the selection, training, and development of the officers and employes of the Employment Service. It was the personal efficiency department of the Service. The Information Division published the *United States Employment Service Bulletin* and had charge of all publicity work for the Service.

This form of organization produced a higher degree of centralization of authority at Washington, and a more logical consolidation of functions. It did not involve, however, the termination of specialized sections within these general administrative divisions. The Field Organization Division, for instance, could continue its farm labor section, unskilled labor section, or any other specialized subsection that experience showed to be necessary.

The Service expanded in two ways: by the rapid establishment of new offices and by the absorption of existing state and municipal offices, either by agreements of coöperation or by assuming actual control over them. Between January 3 and April 23, 1918, 72 new offices were opened. On May 7 this total had reached 280; by May 21, 350; by August 27, 560; and by October 21, 832 offices. Twice as many offices were established in nine months as were opened in England during the first four years of their national employment system. This was "approximately ten times the number functioning when the Employment Service was recognized as a distinct unit in the Department of Labor"[1] in January.

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[1] United States Boys' Working Reserve, *Monthly Labor Review*, June, 1917; Boy Soldiers of the Soil, W. P. McGuire, *The Forum*, July, 1918; The Boy, the War and the Harrow, H. D. Fisher, *The Survey*, March 30, 1918; Boy's Working Reserve, *Manual Training*, April, 1918; Organization and Purpose, *School Review*, February, 1918.

Strenuous efforts were made to utilize agencies outside of the Service. An announcement of February 18, that 98,000 third- and fourth-class postmasters and rural carriers had been made "labor agents" of the Service says: "These new agents . . . together with 2000 agents of the Department of Agriculture whose services will be available, furnish connecting links between the farms and the sources of farm labor supply. They place the United States Employment Service in direct touch with virtually every farmer in the United States."[2]

Efforts were also made to utilize the newspapers of the country. On April 19, 1918, "letters were addressed to daily newspapers in cities of 20,000 or over, asking their aid by establishing newspaper farm labor agencies, each paper accepting the proposition to devote not less than four inches of space in each issue to the local needs of farmers for help. . . . At the present time (June 30) 200 daily newspapers are serving with the Farm Service Division under this plan, with the result that in a great many instances local labor shortages have been materially relieved."[3]

The manufacturers of motion picture films, the National Grange and other agricultural organizations, the councils of defense, and farmers' telephone lines were all used to further promote the farm labor end of the work. Coöperation was also effected with the United States Department of Agriculture, which rendered notable assistance through its farm labor specialists and county agricultural agents.

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[1] *United States Employment Service Bulletin* No. 39, October 29, 1918.

[2] *Ibid.*, February 18, 1918, p. 1.

[3] Statement of Director General, Annual Report, 1918, p. 19.

The recruiting of labor was aided by two organizations created earlier in the war than the Employment Service; the United States Public Service Reserve and the Boys' Working Reserve. They were made an integral part of the Service when it was established. The Public Service Reserve was created to enroll workers with special types of skill who would be willing to leave their positions to accept war work if called. It was, in other words, a civil enlistment for war service. The Boys' Working Reserve was of the same type, but operated among boys, most of whom were in school.

Both of these organizations had necessarily been doing placement work. When calls came to them for certain types of war workers, they looked over their records and assigned specific volunteers to the employer. The creation of the Employment service immediately produced a duplication of machinery, and these organizations were therefore absorbed to a large degree by the Employment Service and became recruiting branches of it. The employment office could reach the unemployed workers, while these recruiting organizations could make available for war work employed workers engaged in non-essential industries. It was their function "to seek out workers in less essential occupations and through the employment offices to distribute them at the points where they were most vitally needed to bring about maximum production." [1]

"The enrollment agents of the Public Service Reserve aid in the recruiting of labor for the employment districts in which they operate. They act also as agents of the community labor boards in stimulating and supervising the moving of workers from less essential to more essential occupations; in moving male workers into war work from occupations that can be readily filled by women, and in making industrial and manpower surveys. The enrollment agents are also used by the Employment Service to register in advance men in specified trades for which it is known from experience there will be demand in the war emergency."[1]

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[1] Statement of Director General, Annual Report, 1918, p. 9.

The difficulties encountered by the Service throughout the year 1918 can hardly be over-estimated. During the early months of the year, when the Service was straining every nerve to get an adequate complement of offices in operation, the labor situation was steadily growing worse. Employers were recklessly bidding against each other for men. Labor scouts infested every large manufacturing center.

> "We never know when the whistle blows at night how many men we will have in the morning,"

said the employment manager of a large steel concern to the writer one day in the spring of 1918.

> "When our men down go town in the evening labor scouts are laying for them on every corner to steal them from us. And our scouts are stealing from the other fellow. If we didn't play the game we would have to shut down."

These problems had to be met under conditions as difficult as could be imagined. It was a period in which much of the time and strength of the experienced men in the Service had to be devoted to the establishment of new offices, the selection and training of personnel, and the determination of the form of organization and policies of the Service. Several partial reorganizations had to be effected within the Service, contacts with employers, commercial associations, and labor unions had to be effected, the details of the Service routine had to be worked out, and the relative justice of the claims of various localities and industries for such labor as was available had to be determined. The community labor boards had not yet begun to function. The war crisis had passed before the Service had had time to thoroughly solve its initial organization problems. *Our lack of labor market preparedness before the war made it impossible for us to develop an adequately equipped service quickly enough to meet the war-time labor emergency.*

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[1] Annual Report of the Director General, 1918, p. 9.

It was impossible, under the circumstances, for the Service to accomplish all that was expected of it. And relatively few, if any, of the officers and friends of the Service fully realized the obstacles which they had to overcome.

The Employment Service stated in May[1] that the railways in the west and the shipyards were going to use the Service exclusively. But they did not do it. On June 4 and 11 the *Bulletin* declared that the harbor workers would all be hired through the Service. But it was not until President Wilson announced on June 17 that on and after August 1, 1918, all employers "engaged wholly or partly in war work, whose maximum force, including skilled and unskilled laborers, exceeds 100," were required to hire all of their common labor through the United States Employment Service, that employers began to seriously depend upon the Service and to discontinue competitive solicitation.[2]

The backwardness of employers in making use of the Service was due to a number of causes. Thousands hesitated about committing their interests to an employment service operated by the Department of Labor, which they considered "an adjunct of the American Federation of Labor." Others lacked faith in the ability of the Service to find them the men they needed. They did not believe that the government could efficiently provide men for industry. Many of them looked upon all employment exchanges as places to which an employer should resort only in his last extremity and with no expectation of finding any good workman on the list. Others went into the local office of the Service and found it manned with inexperienced help who had little conception of what they were doing. Still others placed orders and lost confidence if the offices failed to "make good" on the first order.

The Service soon found that one of its first tasks, once its organization was established, was the winning of the employer's confidence. It had to "sell him" the idea of patronizing an employment office, sell him the idea that it was cheaper and more efficient to have all employers hiring their labor through a centralized employment agency.

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[1] United States Employment Service *Bulletin*, May 14, 1918, p. 1.

[2] The proclamation and plan will be found in *Monthly Labor Review*, September, 1918, pp. 285, 298.

The workers had their doubts, too. Employment offices had so long been associated in their minds with semi-charitable relief in times of unemployment, and with the gang of casuals who loaf around such offices, that many of them at first hesitated about going to them for work. As Dr. Edward T. Devine, of Columbia University, has put it — they had long thought of employment offices as the place where a workman goes "after he has tried all other ways of getting a job and been unsuccessful." Many of them also feared that the offices might become a means of furnishing strike breakers.

One of the most effective steps to overcome these prejudices was the establishment of advisory boards, similar to those which had proved so helpful in Wisconsin and Ohio. On July 9, 1918, the Service announced the policy of establishing state advisory boards, community labor boards and state organization committees throughout the country to assist in the management of the Service.

The State Advisory Boards consisted of two employers, two representatives of the workers, and the state director of employment, who was ex-officio chairman. The Public Service Reserve director was soon added to the board to help guide its labor recruiting policies. Their functions were important. They were responsible, to a certain extent, for the quality of the personnel in the state and local offices in their respective states. Though the Secretary of Labor retained control over all appointments and removals, their recommendations were obtained before he acted. It was their continuing function to act as a sort of board of directors to determine matters of general policy in the Service within the state. It was this board which apportioned the government's demands for labor for work outside the state among the several localities of the state. They determined what localities in the state should furnish labor for other localities and which localities had to be supplied. All questions of general policy came within their jurisdiction.

The State Advisory Board was represented in each community where an office was established by a Community Labor Board. These consisted at first of a representative of the employers, a representative of the workers, and a representative of the Employment Service, but two women members were soon added, one representing the employers and the other the employees. These boards performed the same service for their localities that the State Advisory Board performed for the state. Appeals from their decisions went to the State Advisory Board, and from there to the Director General of the Service and the War Labor Policies Board.

A thousand boards had been organized by September, 1918, and on October 29, there were 1386 in operation. The importance of the Community Labor Boards in the management of the Employment Service is well stated in the Bulletin of September 3.[1]

> "The community labor boards of the United States Employment Service have a task and responsibility no less great than that of the draft boards under the Selective-Service Act. In some respects the work of the former is infinitely more difficult; for the draft boards have definite instructions to guide them and are backed by military and statutory authority, while the community labor boards have little but the general priority classifications of the War Industries Board and their knowledge of local conditions to steer them, and they cannot enforce their decisions. . . . The boards themselves must show tact and unquestioned fairness. Their work may meet with opposition in some instances, but this will be due in ninety-nine out of one hundred cases to misunderstanding by employers of the boards' functions or their unawakened realization of the labor situation and the necessity for finding men for war work at any cost."

The creation of the Community Labor Boards was the most promising step taken by the Service to bring both the employer and the employee to an understanding of the necessity for labor exchanges and their proper place in the nation's economic life. The Boards struck at the very roots of that prejudice against public employment offices which has been so serious an obstacle to their development. They discovered and in turn began to emphasize to the public the fact that employment work takes a high degree of skill. They were a barrier to the politician's desire to use the offices as "plums" for his least efficient hangers on. They compelled the employment offices to assume that neutrality between capital and labor which is so essential to their success.

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[1] *United States Employment Service Bulletin,* September 3, 1918, p. 6.

Unfortunately, the Community Labor Boards did not get into operation until the Service had been operating eight or ten months, and only a couple of months before the armistice was signed. They had hardly started to function when the war ended. Their personnel had not yet fully comprehended their task when the labor situation began to change from labor shortage to labor surplus. In many communities they did a great deal during the winter months of 1918–19 to mitigate the unemployment due to the sudden termination of the war and helped thousands of soldiers to find their way back into civil life.

Appraisal of the Service

The natural difficulties in the situation — the existing chaos in the labor market, the acute shortage of skilled labor under which industry was laboring, the high labor turnover, the hesitancy of both employers and employees to use the Service — were aggravated by weaknesses within the Service itself. These were of three main types: the inexperience of its personnel; the excessive number of chiefs, directors, and other administrative heads, and the overlapping or lack of coördination of their functions; and vacillation of policy. One who did business with the Service received an impression that the men in the Service were feverishly anxious to accomplish its task but that either they or their organization were inadequate to do it.

It is easy to see the shortcomings of the Service. It was easy during the war. But one must realize how nearly impossible was the task laid upon the shoulders of Mr. Densmore and his associates.[1] An inexperienced personnel was unavoidable, since *there did not exist* a sufficient body of experienced employment men in the country to man the federal offices, and there was no time to train any. An excessive number of directors and specialists in the central offices was almost inevitable because in the war emergency haste was the essential thing and it was quicker to hire another specialist for each task than to coördinate work. In the end they were tripping over each other. Vacillation of policy naturally accompanied the effort of an inexperienced chief to utilize the advice of all of the "experts," many of whom held inconsistent views. Haste was again the temptation which prevented Mr. Densmore from taking time to choose his way carefully and certainly. The comment of a publicist in July, 1918, was a just appraisal of the situation:

> "The task looks impossible. (But) . . . by common consent, central labor recruiting has become an imperative national necessity . . . without it . . . our national existence is threatened."[2]

But in spite of all of its difficulties and weaknesses the Employment Service accomplished a remarkable result in labor placement. During the year 1918 it received orders for 8,799,798 people; registered 3,212,581 applicants for work; referred approximately 3,985,390 to positions; and received reports from employers that 2,371,677 of them had been employed. In six months it moved 165,000 unskilled laborers to other states. It is estimated that the Service saved wage earners $8,000,000 in fees. It is impossible to compute what the Service meant to employers in decreased turnover and increased production. Nearly 368,000 women obtained positions through the Service in ten months; 3000 motor mechanics and 6000 railway men were recruited for overseas service, and a large number of technicians for various government departments. Between July 1 and December 31, 1918, it placed 7500 handicapped men. After the armistice was signed it established 1850 bureaus for replacing soldiers and sailors in employment, and through its branches in army camps helped the soldier to go from the camp to employment.

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[1] The disciminating criticisms of Dr. E. T. Devine, in the April 5, 1919, number of *The Survey* are worthy of the reader's attention. He says in part: "It cannot be denied — and no one seems disposed to deny — that there has been inefficiency in many offices, and that there have been many employees whose 'separation' from the Service will be no loss to it. There has been no strong, consistent directing policy, but too much shifting in organization and in division of responsibility between Washington and the states. The staff of experts and specialists at national headquarters has undoubtedly been larger than necessary — 'too many grand opera stars,' one observer expresses it. This has made the administration top-heavy, and accounts for some of the vacillation in policy, . . . there has been much uncertainty as to the location of final responsibility." "In this respect the situation has closely resembled thnt which prevailed too long in the Bureau of War Risk Insurance in the Treasury Department. The official head in each case was one of whom all have spoken well personally and who had the complete confidence of the cabinet member to whom he owed his appointment. In each case, however, an assistant secretary and numerous special experts exercised more or less authority or influence; and in each case the result of such division of authority and such uncertainty proved to be adverse to good administration."

[2] *New Republic*, July 27, 1918.

But these items do not represent the total benefits rendered. Two of the most valuable effects of the Service were the checking of reckless labor recruiting by employers and the restraint it imposed upon the private employment agencies. Equally important, if not more important, was its weekly collection of information upon conditions in the labor market throughout the country. For the first time in its history, the nation was able to obtain reliable information upon the *current* demand and supply of labor in all sections of the country. Employers were able to forecast the labor side of their production problem in a way that had never been possible before. Labor market data, comparable with stock and commodity market data, were available.

Summary

It has been the purpose of this chapter to describe the United States Employment Service as operative during the war. The failure of Congress to appropriate $1,800,000 necessary to meet the expenses of the Service from March 1 to June 30, 1919, very nearly destroyed the Service during the spring of 1919. It is uncertain, at the time this book goes to press, whether or not funds will be appropriated by the next Congress for its continuation.

The next chapter will describe the British and Canadian Employment Systems; the succeeding chapter will present the writer's conception of a federal employment service, and the following chapter will discuss the relation of employers' employment departments to a federal employment service.

CHAPTER X

LESSONS FROM THE BRITISH AND CANADIAN EMPLOYMENT SYSTEMS

ENGLAND was the first nation to establish a national system of employment exchanges, and up to the present time England and Canada are the only nations which have established permanent, nation-wide organizations. The United States Employment Service was patterned to a certain extent upon the British system. But it differed in essential particulars, and not entirely to our benefit. It is worth while to give some attention to the essential features of the English plan.[1]

The law of 1909 which provided for the employment exchanges put their administration in the hands of the English Board of Trade, and they established the first group of offices, 61 in number, in February, 1910. The Board of Trade differs from any of our federal departments in having jurisdiction over matters both of a business and of a labor character. Roughly speaking, it combines the functions of our Department of Commerce and our Department of Labor. It represents both the employer and the employee. It represents the public.

The United States Department of Labor, on the other hand, is an organization which was created to safeguard and promote the welfare of the workers, and its secretary is a trade unionist. There is no reason to believe that the United States Employment Service was operated with any bias in favor of either employee or employer. There is every reason to believe that every effort was made to maintain neutrality. But the Department of Labor unfortunately had to face a long-standing prejudice, which it aggravated instead of appeased by its policy of featuring the words "Department of Labor" instead of the words, "United States Employment Service," on every office, on every bulletin, every post card, and circular which it issued. In every part of the country you will find employers demanding that the federal employment service be divorced from control by the Department of Labor.

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[1] The discussion which led to the establishment of the British system originated in the remarkable book of Mr. W. H. Beveridge, "Unemployment, A Problem of Industry." The writings of Sidney Webb and other English authors to whom reference is made in all bibliographies, and the reports of the Poor Law Commission, materially promoted the movement. It is worth noting that England based her plan upon a thorough and scientific study of the condition in her labor market, and then put her leading student of unemployment, Mr. Beveridge, in charge of the national system when it was established.

The employment manager of a large American corporation reflects the employers' views in a latter addressed to the writer on November 12, 1918: "Employment service must be impartial and serve two masters. It must protect the interests of the employer and it must render the utmost possible service to the worker. A careful balance must be maintained between the two, and the minute either phase is emphasized unduly, the whole machine is thrown out of balance and the value of the service automatically ceases. The Department of Labor is organized primarily to assist the workingman and to act in his behalf. There is therefore no place in it for a neutral agency. The United States Employment Service should be divorced absolutely from the Department of Labor and a Secretary of Employment should be appointed as a new cabinet officer. It would be just as reasonable to place the United States Employment Service under the Department of Commerce as representing the management of industry as it is to leave it in the Department of Labor, and I am very strongly in favor of establishing it as a separate agency in the position to which it is entitled."

The only possible means of securing a form of organization which would bear the marks of neutrality on its face, as the English organization did, seems to be the creation of some form of independent commission, on which industries and agriculture, as well as labor, can be represented; or a Central Employment Council which would exercise the powers of a board of directors and leave the Service in but a nominal connection with the Department of Labor.

Early in 1917, as a war measure, the British employment exchanges were transferred from the jurisdiction of the Board of Trade to the Ministry of Labor.[1] No essential changes were made in the principles which guided their work or in the personnel of the Service. The significant modification following this change consisted of the creation of advisory committees representing the employers and employes to help manage the offices.

"Without this coöperation and support of local employers and work people, the exchanges must largely fail to reach the level of usefulness of which they are capable," says a government pronouncement.[2] "In order to bring local employers and work people into close touch with the exchange and to give them an insight into its working and some share in its direction, local advisory committees have recently been set up in connection with the various exchanges."

The creation of these advisory committees is declared by the Ministry of Labor to be "the most important development of the employment exchanges during the year 1917." [3] Two hundred and fifty such committees were established, some having jurisdiction over more than one exchange. They are composed of equal numbers of employers and of employees and "a small number of additional members (not exceeding one third of the total membership) nominated by the Ministry of Labor as representing other interests." The functions include the consideration of *any matters* in connection with the working of the exchange and are not confined to matters referred to them by the department.[4]

The number of exchanges was gradually increased from 61 in 1910 to 430 in 1912, and then reduced to 390 by 1916, when experience demonstrated that certain offices could be consolidated.[5] These offices had over a thousand sub-agencies in industrial suburbs, small towns, and rural districts, some of which are served by traveling officers who open them for but a day or two a week in each town. During the war 391 exchanges, 173 local agents acting as exchanges in smaller centers, and 1081 part-time officers "appointed primarily for the administration of unemployment insurance in districts where the establishment of an exchange would not be justified." These exchanges registered 2,837,650 separate individuals during 1917; received applications from employers for 1,999,442, and filled 1,555,223 positions with 1,375,198 individuals.[1] The Ministry of Labour states that the exchanges proved "to be of the greatest value in connection with the organization of the labor supply during the war." [2]

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[1] Board of Trade Labour Gazette, February, 1917, p. 48.

[2] Quoted, *Monthly Labor Review*, September, 1918. [3] *Ibid.*, April, 1918.

[4] A similar plan was recommended in an official report for Austria-Hungary, *Monthly Labor Review*, March, 1916, pp. 89–90.

[5] A thorough report of the British offices from 1910 to 1916 by Bruno Lasker will be found in "The British System of Labour Exchanges," *Bulletin 206*, United States Bureau of Labor Statistics. Facts taken by the writer from other sources are indicated by footnotes. Cf. also "Labour Exchanges in the United Kingdom," Hugh

In order to coördinate the work of the offices in the various sections of the country, the "exchanges are grouped in eight territorial divisions, varying in area with the industrial importance of the counties included in each," and each district has its central office or clearing house. These districts and their central offices would correspond to the states and state offices of the United States Employment Service; while the central clearing house in London, which coördinates the work of the eight districts, corresponds to the central office at Washington clearing between states. In order to effect the most complete coöperation between the local offices, "the exchanges are connected by telephone, not only each with its divisional office, but also with each other, both within and without the division."

During the war the country was further subdivided into forty-five "clearing areas," with from two to thirty-one offices in each clearing area, and with a clearing office in each area. Any local office which cannot fill a vacancy immediately notifies its clearance office to ascertain whether the vacancy can be

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McLaughlin, Appendix A, Report of Ontario Commission on Unemployment, 1916. This report is particularly valuable in its revelation of the detail of British exchange management, including their record forms.

[1] *Monthly Labor Review*, April, 1918. Their placements for the four years 1914–17 are reported in *Monthly Labor Review*, January, 1919, p. 131.

[2] Quoted, *Monthly Labor Review*, September, 1918.

filled by another office within the area. If not, and if the position is one for which a worker might reasonably be brought from a considerable distance, the "particulars are at once sent by the clearing exchange to the national clearing house at the head office in London" and there printed in an abbreviated form for circulation the next day to every exchange in the country. "Thus, any exchange which has a suitable applicant for the vacancy is placed in a position to submit him for engagement." About 21,000 vacancies a day are thus circulated.[1]

One of the difficult practical problems which confront us in working out our federal Employment Service — for we must work one out — is the determination of the number of offices to be established. It is important both from the point of view of expense and from that of employment exchange efficiency. An insufficient number of offices will cripple our industries; an excessive number will result in a large waste of public funds at a time in our national life when taxes are already burdensome, and will also leave the persons in each office with too much idle time on their hands, a condition certain to result in a marked deterioration of their individual efficiency.

During the war 876 offices were established within a few months. Congress's failure to appropriate funds for their continuance has closed several hundred of them. Local and private funds have kept the others in operation with a diminished force. We must therefore rebuild our national system and reëstablish a large proportion of our total equipment of offices. It is therefore pertinent now to consider on its merits the original question: How many offices do we need and what shall be the type or types of those offices?

It is perfectly clear that we will need a large number of exchanges, perhaps as many or more than existed in 1918. New York City alone has over 600 private, fee-charging offices, without counting the public, philanthropic, trade union, and employers' offices; San Francisco had 131 in 1902, and probably has more now. Thirty or forty public exchanges will be needed in New York. Many other labor centers, such as Chicago,

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[1] *Monthly Labor Review,* September, 1918.

St. Louis, Omaha, or Minneapolis, would require a number of offices, while many second- and third-class cities would need one office. The English policy of keeping the number of offices down to the smallest number that can handle the business is as good employment practice, however, as it is good economy. A live manager can get sufficient coöperation from many other organizations, such as establishment employment departments, the business agents of trade unions, county agricultural agents, country banks and mercantile establishments, rural mail carriers, and philanthropic organizations, to enable him to spread a network of contacts through the community. A single large, well-equipped office, with separate departments for skilled and unskilled workers, with possibly a separation of certain classes of labor like railroad workers, farm hands, or dock workers, clerical and office help, women, and juveniles, can do much better placement work and acquire a better knowledge of conditions in the local labor market, than a number of small offices in which one or two persons have to handle all classes of business. Such offices tend to degenerate into a condition in which they devote nearly all of their time to one class of workers — the irregular, unreliable laborers who are continually patronizing employment offices because they never hold a job more than a few days or a week or two.

An important economy can be attained in many agricultural or semi-agricultural states by establishing offices for a portion of the year in one section of the state to serve agriculture, and then moving the office to another section during the winter to serve lumbering or other winter employments. For instance, an office is needed in southwestern Minnesota from March 1 to October, to distribute labor for the farmers. Northern Minnesota, during these months, does not need an office. But in the fall, when the farmers of southwestern Minnesota are releasing instead of hiring men, an active demand for lumbermen develops around Bemidji and other northern towns. An office operating at Pipestone or Worthington during the summer could be moved to Bemidji, Park Rapids, or Detroit during the winter, thus providing two offices on a single salary item.

The United States can afford, however, to support an adequate number of offices. Even the excessive expenditures inevitably incurred in the sudden creation of the United States Employment Service during the war, do not equal what the workers of the nation lose each year in fees paid to private employment agents.[1] And these fees constitute only a minor portion of what the nation loses by its disorganized labor market. Who can figure the employers' losses in excessive turnover or the nation's loss in deteriorating working efficiency, the embitterment of the workers, and the destruction of good citizenship!

A state like New York would require from fifty to a hundred offices to meet its needs; a middle west state like Wisconsin or Minnesota could handle its business with from ten to twenty; while some of the more sparsely settled states could get along satisfactorily with two or three. Each office should obtain valuable coöperation from many agencies outside of the Service, thus establishing throughout the country thousands of more or less active sub-agencies which would both promote the work and develop good will for the Service throughout the community.

The British exchanges met the same opposition or indifference at the beginning that the United States Service has met. But they have lived it down, to a considerable degree, by service. "Employers at first applied to the exchanges only when in need of the lowest types of occasional help or when, owing to an unusual pressure in the demand, they had failed to fill, by their usual means of recruiting, vacancies for more qualified and experienced workers. . . . It has taken years to persuade employers that they must use the exchanges all the year round and for all classes of labor . . . in order to test fairly their power to procure suitable men more quickly and at less expense and trouble than by any other method." "The greatest difficulty was experienced in persuading self-respecting and skilled artisans that the exchanges were at their service as much as that of unskilled and casual laborers." They could not see the essential difference between them and the "labor bureaus" which had existed under the Unemployed Workmen Act of 1905. These had been created by municipal "distress committees" at times of exceptional trade depression and had soon been swamped by the "unclassifiable type of unskilled, shiftless, often physically handicapped or old and intemperate or starving, 'semi-employable' applicants for whom wages," as a rule, had to be part charity. But genuine service has removed much of the opposition. And service, not posters, is what must be depended upon for the same result in the United States.

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[1] Charles B. Barnes, for a number of years superintendent of the public employment offices of New York State, estimates that *as a minimum* the employment agencies in New York City alone collect $2,500,000 from the workers in fees for jobs (*New York Tribune*, February 6, 1919). At least one half as much is taken in Chicago, while the agencies in such cities as Minneapolis, St. Louis, Omaha, Boston, or San Francisco, reap a harvest which easily runs from one to several hundred thousand dollars a year. And many smaller cities, such as Duluth, or Bemidji, Minnesota, Fargo, North Dakota, or Des Moines, Iowa, have a number of offices which do a thriving business.

The Ohio Industrial Commission estimates, *on the basis of the actual fees charged* by private agencies in Ohio *for the particular kinds of positions filled*, that the 175,955 placements made by the Ohio public offices in 1917 would have cost the workers $350,000 if there had been no public offices. — *United States Labor Review*, September, 1918, pp. 303–304.

The purposes which Britain sought to achieve by her labor exchanges are identical with those inspiring such an organization in America; the increasing and improving of means of communication between employers seeking work people and work people seeking employment, the elimination of waste time when workers are changing jobs; the prompt filling of employers' needs for help; the reduction of the moral and physical degeneration which results from idleness; the abolition of "the wasteful system by which a large firm is apt to keep its own reserve of labor in the shape of half-employed work people waiting at its gates instead of drawing from a common reserve in which the variation in one branch can in some measure be compensated by the fluctuations in another"; and "to contribute to the knowledge of the labor market and (thus) . . . to enable the National Government and the local authorities to shape their labor policy in accordance with theirs and, if necessary, to take steps in time to prevent by artificial means abnormal unemployment and distress." "It was hoped further that . . . the labor exchanges would assist in the recognition with more precision of such general movements . . . in different industries as would justify or necessitate alterations in the facilities for industrial training. Such records would further indicate the trades especially liable to frequent or seasonal cessations of work and therefore especially fit subjects for unemployment insurance, and the 'blind alley' employments which give occupation for a few years only and then throw those engaged in them on the labor market unequipped and sometimes unfitted for other work.

"There was thus, from the beginning, a wide social policy behind the comparatively simple machinery created for one definite practical purpose."[1]

They proved of vital importance in handling the personal problems involved in the large increase of employment of women and juveniles during the war. The mobilization of women for war work, and later the demobilization, had to be carried on through an experienced, reliable agency, and the government found one ready to its hand in the employment exchanges. Juvenile employment involved the future as well as the present, and juvenile employment committees, by bringing the employment offices and the schools into coöperation, have prevented many of the evils which might have accompanied the large increase in child labor during the war.[2]

The business principles which direct the work of the British exchanges, while not different from those that have been worked out in the best American public offices, are worth specific statement.

(1) The employment exchange is a market. It makes a rough selection for employers of workmen who answer the employer's description of the type of help he wants. It refers such workmen to the employer. It offers to the workman a position of the type which he wants for which he seems qualified. Neither the employer nor the workman is bound to accept the selection made by the office. The exchange "simply

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[1] From "The British System of Labour Exchanges," Bruno Lasker, *Bulletin 206*, United States Bureau of Labor Statistics.

[2] *Monthly Labor Review*, September, 1918; January, 1919.

hands on information as received and leaves it to employers and work people to decide for themselves whether they can come to terms."

(2) The best available man is in each case referred to the employer, not the one who registered first. Priority is recognized only by sending the first man registered who is fit. Often several persons are sent so that the employer can choose the one that suits him best. The greater the experience and skin of the manager of the exchange, the less frequently is it necessary for him to send more than one applicant to the employer.

(3) If the local office has no man who fits the employer's need, he advertises the position on his bulletin board, or telephones his division office to see if they can get the needed worker from some other office.

(4) Help is sent to establishments where a strike or lockout is in progress, but a full statement of the facts is given each workman so sent out.

Mr. Hugh McLaughlin has given us a good analysis of the fundamental principles which underlie the British system. He says:[1]

"The Labour Exchange System in the United Kingdom is essentially a business organization. Employer and employee are brought together by the Labour Exchange, just as vendor and purchaser have, for centuries, been brought together in markets of various kinds. Not only is each community organized in one labour market, but all these small labour markets are so correlated, that there is, in reality, but one labour market in the United Kingdom.

"In connection with the work of the Labour Exchanges, there are several outstanding principles:

"First — *The system is industrial:* Everything possible has been done to free the Labour Exchange from any form of association with charity and the relief of distress. The only thing to be obtained through the Labour Exchanges is ordinary employment, and there is no inducement for those to come who only want poor relief.

"Second — *The system is voluntary:* No compulsion is or can be exercised either on employer or workman.

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[1] Report of Ontario Commission on Unemployment, 1916, pp. 263–264.

"Third — *The system is free:* No charges of any kind are levied either on employer or workman.

"Fourth — *The system is impartial:* The Labour Exchanges assume a neutral position in all conflicts between employer and workman, either strikes or lock-outs. In all trade disputes, employers and workmen may make a signed statement of the fact which the Labour Exchange Officials must show to applicants for work, before sending them to fill the places of the men involved in the dispute. . . .

"No responsibility is taken by Labour Exchange officials as to wages and conditions of employment beyond supplying employer or applicant with any information in their possession. Copies or summaries of any agreements mutually arranged between associations of employers and workmen or any rules made by public authorities for the regulation of wages or other conditions of labour in any trade may with the consent of all parties be filed at a Labour Exchange and shall be open to public inspection. Refusal to accept employment on account of trade dispute, wages or conditions does not disqualify or prejudice the applicant.

"And Fifth — *The system is unrestricted:* All kinds of employment, skilled, unskilled or clerical, are dealt with by the Labour Exchanges, with the two exceptions of applicants for indoor domestic service and the mercantile marine. There are examples of positions having been obtained for unemployed curates."

CANADIAN EMPLOYMENT SERVICE

Canada, like the United States, realizes the need for a national system of employment exchanges and has determined upon a plan which closely resembles the federal subsidy plan which has been proposed for the United States, and which may eventually be established here.[1] The Canadian government[2] appropriated $50,000 for the fiscal year 1918–19; $100,000 for 1919–20; and $150,000 for 1920–21 and each year thereafter, to be used by the Dominion government to operate a central office and clearing house and to subsidize such provisional employment office systems as conformed to the Dominion rules, which require that they handle all classes of employment business and make such reports as the Dominion government may require.

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[1] Legislation of a similar character was proposed for Austria. Cf. *Monthly Labor Review*, United States Bureau of Labor Statistics, March, 1916.

[2] Cf. *The Monthly Labor Review*, United States Bureau of Labor Statistics, October, 1918, and February, 1919, for detailed presentation of the Canadian plan.

Each province must establish its own system of employment offices, *which must conform to an agreement* entered into by them with the Dominion Minister of Labor, and which must include a provincial clearing house, to coöperate with the clearing houses of the other provinces and of the Dominion in shifting labor from one province to another.

The Canadian plan also includes national, provincial, and local advisory councils as an essential element of the organization. The central "Employment Service Council" includes in its membership a representative from each province, two representatives of the Canadian Manufacturers' Association, two of the Canadian Trades and Labor Congress, one each from the Railway War Board, the Railway Brotherhoods, the returned soldiers, and the Soldiers' Civil Reëstablishment Department, two from the Canadian Council of Agriculture, and three from the Department of Labor, two or whom must be women.

The provincial advisory councils must include an equal number of representatives of the employers and the employees, and are appointed by the lieutenant governor in council; while the local advisory boards must have the same equal representation of the employers and the workers.

The law conforms very closely to our federal system of vocational education and to the subsidy plan as outlined for the Association for Labor Legislation by Professor Seager.[1]

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[1] See Chapter XI.

CHAPTER XI

A FEDERAL EMPLOYMENT SERVICE

THE present chapter is a brief description of the author's conception of the sort of federal employment service needed by the United States. It is submitted with a full realization that no plan can be advanced which will not have to be modified as experience reveals its shortcomings. The first step is to install some plan which seems adequate. We can then develop and modify it over a period of years into the type of organization which best meets the problems encountered. It is folly to make no effort, and would be equal folly to finally commit ourselves to any form of organization, policies, or personnel at the outset.

The plan submitted embodies ideas which have been advanced by a number of American experts on employment and by English writers, as well as those features of English and American employment organization and policy which have been proved satisfactory by experience. It is a composite of what seems to be the best thought on the subject. We will make no attempt to credit to individuals the origination of the various features of the plan, but simply pool our own ideas with those of other students of employment in an effort to suggest a practical plan.

Chapters VI to X have made it clear to the reader that an employment service must be organized on a national basis, that it must be provided with some sort of clearing houses, that it must have special departments to handle different types of workers, that it must have advisory committees to keep it in touch with the employers and the employees, and that it must be operated with constructive, social policies and purposes in mind. We accept these principles as a basis for our plan and build the detail of the organization around them.

Two plans of federal employment organization were vigorously advocated in the United States, previous to the organization of the United States Employment Service, both of which differed from the service actually organized. The first plan called for the organization of a Federal Employment Service in the Department of Labor; the "coördination of the state and municipal public employment bureaus with the federal service, *by means of the payment of federal subsidies* to all bureaus which should conform to rules and regulations laid down by the federal director," and the "organization, as part of the federal service, of clearing houses to draw the bureaus of neighboring states together in efficient coöperation, and through a central clearing house in Washington to develop a truly national system."[1]

The essence of this plan is federal-state-municipal *coöperation*, held together by federal subsidies. Theoretically, the United States Employment Service might be said to have been organized on some such principle. But practically, it was not. It absorbed the existing state and municipal offices. It established a situation where states and municipalities subsidized federal offices, rather than the reverse. Distinct irritation was created in many localities by the insistence of the federal service that its signs should dominate on the windows of state offices, in spite of the fact that a large percentage of the funds came out of local treasuries.

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[1] (*a*) "Coördination of Federal, State, and Municipal Employment Bureaus." H. R. Seager, *American Economic Review*, Vol. VIII, No. 1, Supplement, March, 1918. This article explains this plan in detail. (*b*) "A National System of Employment Offices," Wm. B. Wilson, United States Bureau of Labor Statistics, *Bulletin 220*, p. 23; Department of Labor Conference on Employment, San Francisco, August 2–6, 1915, *Labor Review*, October, 1915. This is a discussion of the federal subsidy plan, with the address in full of Secretary of Labor Wm. B. Wilson, advocating it. "Federal-State-Municipal Employment Service in New Jersey," Joseph Spitz, United States Bureau of Labor Statistics, *Bulletin 220*, p. 30; "A Federal Labor Reserve Board," Wm. M. Leiserson, United States Bureau of Labor Statistics, *Bulletin 220*, p. 33; "Coöperation among Federal, State, and City Employment Bureaus," Hilda Mühlhauser, United States Bureau of Labor Statistics, *Bulletin 220*, p. 17.

The other plan referred to repudiates the federal subsidy plan, and calls for a purely federal service. It may be described in the words of George E. Barnett:[1]

> "It is inevitable that the federal government must take a hand if we are to have a national system of employment offices. But is the function of mere coördination assigned to the federal government the proper limit of its part in a national system? My own conviction is that the system should not be merely coördinated by the federal government, but that the entire system should be centralized and entrusted to the federal government. I shall present briefly the advantages which a centralized federal system, in my opinion, would have over the dual system described by Professor Seager.
>
> "1. The first great advantage of a centralized system would be the enormous saving of expense. Under the dual system, a whole set of officials must be maintained whose only duty would be to bring about the coördination of the parts of the system. If the federal government had exclusive control, this coördination would be achieved with only a fraction of the effort, since the local officials would be directly under the control of a single executive head.
>
> "2. The second advantage lies in the superior personnel of a purely federal service. In the first place, the service would be more attractive and a better class of officers could be secured. Secondly, the danger of purely political appointment is very much greater in the state managed systems than it would be in a federal system. . . . Professor Seager expresses his anxiety that the federal appointments may be made spoils for the spoilsman. . . . It will be comparatively easy to put the clearing houses under civil service rules, but if the offices with which the laborers come into actual contact are manned by political incompetents, the system will be rotten at the bottom.
>
> "3. A centralized federal system would be run on uniform rules which would represent the national view of the attitude which employment offices should take in the struggle between capital and labor. It is possible, of course, for the federal government to lay down certain rules as to the conduct of the subsidized state employment offices, but the spirit in which those rules will be carried out cannot be guaranteed. The various states differ widely in the character of public opinion on the labor question. Can any one doubt

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[1] "Employment and the War," discussion, *American Economic Review*, Supplement, Vol. VIII, No. 1, March, 1918.

that these differences will show themselves in the manner in which state officials conduct employment offices? . . .

"4. There is no question that the workmen in most if not all of the states would give their confidence more quickly to a centralized system on account of the greater prestige of the national government. . . . The ultimate aim should be a centralized national system."

The arguments presented by Mr. Barnett for a straight federal service are weighty. But they overlook an important practical consideration. *The employment problem is and should be in the first instance a local problem.* The first objective of an employment office must be the placement of local men in local establishments, and the shifting of those of the community who become idle into other local establishments. The stabilization of employment is the first duty of such a service.[1] It should seek to help employers hold their men and help workers hold their jobs. It should seek to keep as large a portion of the workers at home with their families as possible. It should discourage employers from going out of town for labor unless it is absolutely necessary. No employment system can win the confidence of employers nor attract to itself the best class of workers unless it follows this principle. Federal employees, especially when sent into the community from other cities, frequently lack a sense of responsibility to the local community, as well as that intimate knowledge of local conditions which is so necessary when determining whether or not an order for labor for some other locality should be filled or whether all workmen of the type requested can secure employment locally. State and municipal officials, on the other hand, in many cases take a provincial attitude and do not exert themselves to supply legitimate demands for labor for other states. The ideal system would seem to be one in which the control and direction of the service rests in the federal government, and federal funds bear much of the expense; but in which, through a substantial contribution to the cost of the service, and participation in the management of the service, the local viewpoint is emphasized and given proper weight.

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[1] Cf. "A Clearing House for Labor," D. D. Lescohier, *Atlantic Monthly*, June, 1918; "The Employment Service as a Means of Public Education," D. D. Lescohier, *Industrial Management*, April, 1919.

Proceeding from this point of view we will now sketch what seems a practical scheme for a federal-state centralized employment service.

1. Financial Responsibility

The fundamental question to be determined, upon which the whole plan must rest, is the relative responsibility of the federal, state, and municipal governments in the support of the employment system and the relative degree of control and responsibility which each should exercise in its management. We have seen that in England the central government maintains the employment system; in Canada and the United States both the central government and the local governments have contributed to its support; in Germany and other countries the maintenance has rested principally on the municipalities. Our decision on the point should be governed by two considerations: first, to what extent is the work of the employment service inter-state, intra-state, or municipal in scope? and second, What plan promises to give us at an early date a service adequate for the nation's needs?

The federal government should certainly carry that part of the expense of operation which is chargeable to the movement of labor from one state to another; the state government may fairly be held responsible for the movement of labor from one part of a state to another part; while the municipality should bear much of the expense for local labor placements. To illustrate. Upon examination of the records of one state's employment office during 1917, we found that about 40 per cent of the placements made by the principal public exchange in that state were within the city limits of the municipality in which the exchange was located; that another 40 per cent of the placements were within the state; and that 20 per cent of the workers were sent to other states. Upon examination, previous to the war, of the records of the public exchanges in one of the largest cities of the country, we found that the state exchanges located in that city did 95 per cent of their business within the city itself. During the war, as we have shown, several hundred thousand workers were moved from one state to another by the Federal Employment Service. It is very evident, therefore, that there are distinct municipal, state, and federal benefits and responsibilities which might properly be supported by the three governmental divisions.[1] It must not be forgotten, on the other hand, that the products of the local industries are in large part for inter-state and international trade, and there is a federal interest even in local placements. The farmer in North Dakota has an interest in the operation of the shoe factories of Massachusetts, the cotton factories of New York City, and the locomotive works in Philadelphia. The merchant in New York City is affected by the activity or dullness of the iron mines of Minnesota, the furniture factories of Michigan, and the meat packing industry at Chicago. A mathematical computation of the proportion of inter-state, intra-state, and local placements does not fully cover the question involved. The gathering and diffusion of information with respect to conditions in the labor market is distinctly a federal function. The federal government may properly be charged with the expenses of collecting data daily in each industrial district showing the relative supply and demand for labor in each locality. This information would, of course, be available in each state for the guidance of the state system as well as for national guidance.

There is no uniformity in the several states in the proportion of inter-state, intra-state, and local business done in the exchanges. Radical differences obtain. In some states more than one half of the placements are of an inter-state character; in other states, not 25 per cent. No general apportioning of the expense between the various governments on the basis of placements could conform to the actual facts in all the states. Some arbitrary plan must be adopted which will assess against the federal government a definite proportion of the total expense and the remainder upon the state, and leave each state free to make such arrangements with its municipalities as it deems best.

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[1] Cf. "Responsibility and Opportunity of the City in the Prevention of Unemployment," Morris L. Cooke, *American Labor Legislation Review*, 1915, p. 433; "Relation of the State to Unemployment," J. P. Jackson, *ibid.*, p. 437.

A conference of representatives from the various states which met at Washington in April, 1919, to discuss plans for a permanent federal-state employment service, reached the conclusion that the federal government should (1) establish and maintain a system of public employment offices "in states where there is no state employment service," (2) in states where there is a state employment service which the states will operate "in accordance with uniform rules and regulations and with the standards of efficiency prescribed by the Director General with the approval of the Secretary of Labor." The federal government shall pay to the treasurer of such state "for the benefit of the state employment system an amount not exceeding the allotment for the state and equal to the amount which is appropriated by the state and its local subdivisions for the purpose," but *not less* "than twenty-five per cent of the allotment,[1] on the basis of population made to such state, nor less than the amount expended by such state for public employment offices in the year 1918."

In states where there is a state system of public employment offices, but which refuses or is unable to operate in accordance with the uniform rules, regulations, and standards of efficiency prescribed by the federal service, the Secretary of Labor is empowered to make arrangements with the governor of the state for coöperation between the state service and the federal offices established in the state.

This plan, it will be observed, is the federal subsidy plan described at the beginning of this chapter, and widely advocated in this country before the war. It does not affect as complete centralization as does either the British or the Canadian plan. Its chief virtues are found in its attempted consolidation of the federal, state, and local offices into a uniform system, its stimulus to efficient operation, and its clearing houses. As we shall point out later in the chapter, it is deficient in leaving too much control in the hands of the Secretary of Labor, and giving the employers and the wage earners too little participation in the actual direction of the service.

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[1] The "allotment" referred to is explained in another section of the memorandum. The Secretary of Labor is empowered to divide the appropriation provided by Congress for the support of the service into three portions; (1) A sum for the support of the central office at Washington, the clearing houses, and an inspection service; (2) a sum to be allotted to the several states on the basis of their respective population, and (3) a balance "to be expended in the discretion of the Secretary of Labor as shall be required where necessary to supplement the service maintained in the several states."

It is clear that the federal, state, and local governmental units ought to coöperate in providing the funds for the national employment service. It is equally clear that the relative proportions of inter-state and intra-state placements cannot be used as the basis for apportioning the expense between the federal and state governments, but that each must pay the expense of certain aspects of the service, rather than according to the benefit that its geographical unit receives. The federal government must bear enough of the total expense to maintain the central organization at Washington, clearing houses, and the labor market information service; provide franked envelopes; bear the cost of inspection of offices to maintain their efficiency; and carry the salaries of one or more federal employment officials in each state. It should print a bulletin similar to the United States Employment Service Bulletin and provide all record cards and report forms. It should also contribute a considerable fraction of the cost of operation of the exchanges in each state. The state governments should bear a large part of the expense of the central office in the state. The balance of the cost should be borne by the federal government. Unless the central government provides the funds and sets the standards for the state central offices, few states will provide an adequate central office. The state government should bear part of the expense of maintenance of each local employment exchange in the state. The municipalities should at least provide the space for the local exchange, janitor service, and heat, light, and water. It is not necessary to work out in minute detail the exact portion of each type of service expense, such as telephone, telegraph, clerical help, stationery, and so forth, which should be charged to each governmental unit. These are practical problems to be worked out by those in charge of the service. The essential thing is the fundamental principle that it is proper to charge to the municipality, the state, and the the federal governments part of the cost of the service, and that the federal government's contribution shall be made in a manner which will enable it to compel the local exchanges to maintain definite standards of efficiency.

The joint contributions will affect efficiency in another way. If each of these three units is paying part of the bills, each of them will be watching the work of the offices from its own particular point of view and insisting on results for its money. Efficiency will be kept at a higher level by the threefold responsibility. Many a federal official, two thousand miles away from his central office, gradually slips into a perfunctory performance of his duties which will be avoided when that official realizes that he is responsible to the community in which he resides for certain definite results as much as he is responsible to Washington. The official supported by the state or local government, on the other hand, will be stimulated to extend service over a wider geographical area and with more zeal when he knows that he is responsible to the federal government as well as to the local government which pays his salary.

The question of actual administrative control is a delicate one under the plan of joint financing. No person and no organization wants to contribute funds to carry on a service unless there is some means of exercising a certain control over the expenditure of the funds. On the other hand, some one must determine the policy of the employment service and must see that it is carried out. Part of the officials in an office cannot be responsible to one authority and another part to another authority without disorganization of the work. During the war the writer was in charge of a state employment organization. The United States Department of Agriculture offered its coöperation and the services of a farm labor specialist. It was necessary, in order to fit the farm labor specialist into the state organization, to insist that the farm labor specialist should work under the orders of the office manager just as if he had been paid out of the state funds, reserving to the Department of Agriculture the right to send its representatives to the office from time to time and confer with their agent upon his work, but not allowing the Department of Agriculture to give orders with respect to the detail of the work except through the office manager. If the Department was dissatisfied with the work which their representative was able to do in the exchange, they could notify the state superintendent of that dissatisfaction and straighten the matter out with him or withdraw their representative; but they could not give orders which might interfere with the general policies of the office in which their representative was working. It is clear that the federal government must exercise supervision and control of the general policies of the Service and furnish the central direction. But it cannot dominate within the states as it did during the war. Local interests and problems must be given due consideration.

The best manner of achieving a proper balance between the national and the state considerations in the direction of the exchanges seems to be through an Advisory Board, attached to the central office in each state. This board, *which should include a strong representation of persons not part of the personnel of the Service*, would advise and largely guide the state superintendent or director and should have the right of direct communication with and appeal to the director general and to the Federal Employment Council, which we suggest be attached to the director general's office. Each local exchange must likewise have its community board to help direct the work within the community. This board would present the community's viewpoints to the state board, when necessary.

Another important question of control arises in the matter of the state superintendent or director. Shall he be a federal officer or a state officer? It is a vital question. The war-time service placed a federal-state director in each state, and insisted that the state and municipal employment officials work under his orders. They sought uniformity of practice through federal management of the Service. The federal subsidy plan which we have just been discussing proposes an opposite principle. It leaves the Service in each state within the control of the state, and assumes that a director chosen by the state will be in charge of the Service in the state, though that Service is *jointly supported by federal and state funds*. In other words, the war plan gave the federal government a measure of control over the expenditure of state funds; the proposed plan gives the state the responsibility of expending federal funds.

It is evident that one plan or the other must be adopted, and that the decision must be, to a certain extent, an arbitrary one. It is impossible to demonstrate by any citation of facts or arguments, that either plan is the correct one and the other the wrong one. On the whole, under American conditions, the reasons which favor state rather than federal officers as state directors seems stronger. It was evident during the war that many states and municipalities were tempted to fold their hands and let the federal government take up the employment burden. Federal management of a coöperative service will tempt many states to let the state funds lapse. It will at least cause some to neglect their responsibility in the direction of the work, and cause the service to lose some of its local contact and vitality. On the other hand, state expenditure of federal funds under a coöperative plan which permits the federal government to set the standards of efficiency and withdraw its aid as soon as the state fails to maintain the standards, has been distinctly successful. The typical American likes local responsibility. He believes in keeping the management of public enterprises close to the people directly affected. The federal government has been able to promote agricultural development, vocational education, and highway construction by subsidies conditioned on the federal right of supervision and inspection.[1] We have already seen that Canada has adopted

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[1] *Agricultural Development:*

The United States Department of Agriculture, operating under the Smith-Lever law, contributes about one-third of the cost of maintaining county agricultural agents, the state and the county contributing the balance. The details of the

the federal subsidy plan in her new employment service. The coöperative plan, with direct state responsibility and considerable state independence in management, is the plan which has consistently obtained favor among the majority of those Americans who have been interested in an organized labor market.

The federal director at Washington, the several state directors, and the managers of the local exchanges, should each have a council of advisers *who would take an active part in the direction of the work.* In other words, they should be more analogous to a corporation's board of directors than to a committee of advisers lacking power or influence to make their advice effective.

The writer believes that the creation of a National Employment Service Council, largely composed of persons from private life, with very definite powers and functions, is necessary if public confidence is to be won for the Service.

We suggest that this Council include representatives of the Departments of Labor, Agriculture, and Commerce; of the manufacturers, railways, and mining interests; of the American Federation of Labor; of the railway brotherhoods and the mine workers' unions, and from three to five persons appointed by the President to represent the public and unorganized labor. At least two members of the Council should be women. This central Employment Council, it will be noted, is somewhat similar to the Employment Service Council of Canada. If

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system can be obtained by writing to the State Relations Service, United States Department of Agriculture, Washington, D. C.

Vocational Education:

[1] Cf. Trade and Industrial Education, *Bulletin*, Federal Board for Vocational Education, October, 1918; The Educational Aspect of the National Labor Policy, C. A. Prosser, *Bulletin No. 247*, United States Bureau of Labor Statistics, pp. 172–177; Laws of Wisconsin Relating to Vocational Education, *Bulletin No. 1*, Wisconsin State Board of Vocational Education; Report of Committee on Industrial Education, *Proceedings* Twenty-second Annual Convention, National Association of Manufacturers, May 14–16, 1917, p. 70.

Highway Construction:

The federal and state legislation under which coöperative highway construction is carried on are fully described in the Fourth Biennial Report, Wisconsin Highway Commission, 1918, p. 16. The federal, state, and county governments each contribute about one third of the expense, the state directs the work, and the federal government sets standards through its Bureau of Public Roads.

such a council was provided and definite authority given to it, employers would not be hostile to the Employment Service merely because it was a division of the Department of Labor, as they have been in the past. It would give them real, rather than nominal, participation in the management of the Service.

This council should meet regularly, should have a permanent secretary, and should be the agency through which complaints and suggestions for the improvement of the Service would be given consideration and attention. It should have power to suggest changes in the personnel of the executive staff or in the policies of the Service; should be consulted in the selection of the director general; should coöperate with the director general in preparing the budget of the Service and the distribution of its funds to the different parts of the work; it should have the power to make recommendations to Congress for the development or improvement of the Service. It would be the advisory body to which the director general would turn for assistance in working out difficult executive problems.

A sidelight on the importance of an adequate representation of the employers, the wage earners, and the farmers, *on a national board with real power*, is furnished by the nation's experience with the federal vocational education law. A committee reporting at the 1917 meeting of the National Manufacturers' Association said:

> "While money is an important consideration the character of the controlling authority is more important. Congress has decided, with the approval of the President, that vocational education should be directed *coöperatively* by those who *represent* the vocations to be taught; who from life-long experience know what industry is, what are its opportunities and its deepest aspirations. Thus is the principle of representative government extended into the field of educational administration. Thus is it recognized that the hope of vocation lies in the marshaling of every interest in its development. Those who own the places of employment, those who work in them, and those who teach, must unite upon terms of equality and each contribute freely according to its experience and opportunity. Here is the statute:

"'Sec. 6. That a Federal Board of Vocational Education is hereby created, to consist of the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the United States Commissioner of Education, and three citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of said three citizens shall be a representative of the manufacturing and commercial interests, one a representative of the agricultural interests, and one a representative of labor. The board shall elect annually one of its members as chairman.

"'The Commissioner of Education may make such recommendations to the board from time to time as he deems advisable.

"'It shall be the duty of the chairman of the board to carry out the rules, regulations, and decisions which the board may adopt. The Federal Board for Vocational Education shall have power to employ such assistants as may be necessary to carry out the provisions of this Act.' (Salary of appointed members, $5000.)

"Never before has there been such unanimity of judgment among the great social-economic forces of the nation upon a matter of this kind. The principle of coöperative representative direction was earnestly supported as of essential consequence by:

"The Chamber of Commerce of the United States of America, with its 870 constituent organizations covering every state and including some 450,000 firms and corporations in its membership; The American Federation of Labor; The National Association of Manufacturers; The Division of Superintendents, National Education Association, at their Detroit meeting last year; The National Society for the Promotion of Industrial Education; The American Home Economics Association; and many others.

"That organizations of such different interests, and especially that the National Association of Manufacturers and the American Federation of Labor arrived at a common judgment in this matter, was much commented upon in both Houses of Congress and makes the Federation's report of interest." [1]

The executive direction of the Service should be, as now, in the hands of a director general and an assistant director general. The director general should be named by the President; or else by the Secretary of Labor from a list of persons approved by the national Council. Within the Service itself the director general could organize a staff council to include the heads of the different divisions of the Service, which would meet frequently and work out administrative problems and effect coördination of the work of the different divisions. This lack of coördination was one of the vital defects of the war-time Service. The experience of large corporations has demonstrated that this can best be overcome by a staff council.

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[1] Report of Committee on Industrial Education, National Association of Manufacturers' Convention, 1917, p. 71.

The Service would necessarily carry on its work through a number of national divisions, with their chiefs. The five divisions which obtain in the United States Employment Service at the present time may be the satisfactory solution of the internal organization of the central office. The present divisions are: Control, Field, Organization, Personnel, and Information. This is a problem which belongs to the central employment service council for its final solution.

Each state director, whether a federal or a state official, needs a state advisory board to help him select his staff and help him determine his policies. This board would also present to the Federal Council or to the director general, as the case might be, local views upon policies which had been announced or were under consideration at Washington. The state board would determine the localities in which exchanges should be established, and the policies which would be followed in the establishment and general management of the local exchanges.

These state advisory boards should, in our judgment, have a more comprehensive representation than those which existed during the war emergency. The employers and employees, the state department of labor, the educational system, the women of the state, and possibly other groups should be represented.

Each employment exchange, should, in turn, have its community labor boards on which the same interests might be represented. I do not believe that it is good policy to make a list of interests to be represented on these several boards which would be exclusive. One state might find it desirable to include representatives of certain interests on its boards which would be of negligible importance in another state. There should be a minimum list with the right reposing in each board to add to its number a few additional persons whose service it considers of importance.

An efficient system of clearing houses is of first importance. If it is not possible to secure work for an applicant in the district in which he applies for work, it is necessary for the exchange manager to be able to get in touch with opportunities in other localities. This can only be accomplished by a system of clearing houses which can transfer unfilled orders and applications from one office to another. Both in England and America clearance methods are still in a formative and experimental state, and it will take some years to develop them to their maximum effectiveness.

Our war-time experience apparently demonstrated that the most effective plan for the United States is to have a clearing house in each state, and a national clearing house at Washington, without any intervening district clearing houses. Large cities like New York and Chicago need municipal clearing houses to transfer orders from one office to another within the city or county. But in a majority of the states only state clearance is needed. The functions and operations of employment clearing houses can be best described by description of typical clearing houses operated in the United States Employment Service.

A city, divided into a number of districts with an employment exchange in each district, required each exchange to register its unfilled orders and applications at the clearing house when they had been on its files for one hour. This prompt clearance is necessary because, as Boyd Fisher once remarked, "When an employer wants a man, he wants him yesterday," while idle workmen want the quickest possible placement. The clearing house immediately checked the order for men with its listed applications for work, and if it found that office A 1, for instance, had notified the clearing house that it had men seeking the kind of work offered, it immediately notified A 1 to get in touch with the office which had just registered its unfilled order. If the clearing house found that no applications had been listed with it from workmen of the type sought, it notified those local exchanges which it had learned by experience were most liable to obtain such men so that they could get in touch with the office holding the order as soon as they found the men.

The clearing house in this city classified the industries in eleven divisions, and had one clerk assigned to each. All calls came in at a central switchboard, with eleven extensions running to the eleven divisions, and were switched to the proper division. One division, to illustrate, had charge of Building and Construction and Building Maintenance. The clerk in this division received calls for or from bricklayers, cable testers, carpenters, electricians, masons, lathers, painters, paper hangers, pipe and steam fitters, plumbers, riggers, roofers, structural iron workers, wiremen, and building laborers. These were all included under Building and Construction. He also received orders and applications for elevator operators, engineers, firemen, janitors, oilers, porters, repairmen, switchboard operators, watchmen, and window cleaners. These came under Building Maintenance.

Each night each local office notified the clearing house of all unfilled orders and applications on its books and the next morning a daily bulletin listing them all was sent to each of the local exchanges, with a code letter indicating the office where each application of employer or employee was on file, and the probable wage to be paid. The exchange managers could then call directly any other exchange which was able to fill its needs.

Local clearance is simplified by the fact that workmen applying at any one of the local exchanges are interested, as a rule, in opportunities in any part of the city. It is easy to transfer orders from one exchange to another. But the situation is much different when clearance is attempted on a state or a national basis. A large percentage of the applicants who appear at any exchange do not desire to go out of the city. Many of those who are willing to leave the city are very particular where they go. Some will go only to certain towns or localities; others have prejudices against particular places but will go anywhere else. The workman who goes out of town incurs expense of time and money in traveling; he has no opportunity to talk with the employer, or to see the workplace, or become acquainted with living and recreational conditions in the locality, before he makes his final decision. The duration of the work, the cost of board and lodging, the healthfulness of the workplace, the promptness of the employer in paying wages due, the severity of the work, and many other questions arise in the worker's mind when he is asked to leave town. Workmen who accept out of town opportunities without such detailed inquiry and such natural hesitation are the roving, migratory type who do not "stick" when they get to the job. "Easy come, easy go," is a description frequently applied to workmen who thus easily accept such opportunities.

The theory that orders for men taken in one town and applications for work taken in another can be brought together in a state or national clearing house and men and jobs fitted together in the clearing house does not work in practice. Clearance on that plan was tried during the war emergency, but it was found that men cannot be "cleared" over large areas in a central clearing house as checks from country banks are "cleared" in a Chicago or New York clearing house. The state or national clearing house must accomplish its results in most cases by notifying a local exchange in one city what local exchange in another city is apparently able to fill its needs, and then allowing the local exchanges to make the transfer of men by direct communication between themselves, generally by telephone or telegraph. The local exchange which has an order for men can thus give the exchange which has the applicants the details of the job — occupations, wages, hours, duration, cost of board, age limits, whether employer will pay transportation, — and the applicants can then be intelligently interviewed on their fitness and desire for the work, and sent to the job with some assurance of satisfaction to them and to the employer. Clearance which tries to handle laborers by methods used in bank or commercial clearing exchanges will fail.

A state clearing house must necessarily use the long-distance telephone and telegraph freely. Quick clearance cannot be obtained by mail, and slow clearance fails in a large percentage of cases. The mail can be used, however, to send *daily* bulletins to each local exchange in the area, listing all unfilled orders and applications in each exchange in the state, the several exchanges being designated by a code number. This enables each exchange to call by telephone any other exchange which seems able to fill one or more of its unfilled applications for help or for employment.

The daily bulletin issued by one of the state clearing houses during the war listed orders for men and applications for work in the following manner:

J. — 457 — AL 10 unskilled machine hands
Wages — 37 cents per hour to start
50 hours per week
Age limit 60 years
Board $7 to $9 per week

J. is code for job; AL for the name of the exchange.

An employee's application was listed thus:

A 120 CL Poultry man
Married; 50 years of age
Salary desired, $100 per month
All around experience and very successful
Knowledge of farming. Prefers community hatchery

These bulletins were sent to every exchange in the state, and if exchange "M" should have an order for the poultryman just described it would immediately telephone to "CL" the details of its position and have "CL" interview the applicant. If an engagement was effected, the applicant would then be sent by "CL" to "M" or directly to the employer.

The various exchanges notify the clearing house of the filling of positions listed in the bulletins and they are then listed as cancellations in the next bulletin.

Sometimes orders came to a local exchange for a much larger number of workers than could be obtained in one town, and such orders were immediately telephoned in detail to the clearing house, which then split up the order among the various local exchanges, giving each a quota to ship. The quota of each exchange was determined by the capacity which the exchange had revealed in the past to secure the particular type of workmen needed.

The national clearing house will probably never play as intimate a part in placement in America as the state clearing house. Its principal function will probably consist in its intimate knowledge of employment conditions in every part of the country and its bulletins of information transmitting that knowledge to the several states. It will function in placement only when large enterprises in some particular locality are unable to secure enough men within their own state, and the state clearing house requests the national to discover men for it in other localities; or in periods of unemployment when it may be able to direct men who are idle to opportunities of employment in other states. Its method of functioning will necessarily be the same as that of the state office. It will direct the attention of the clearing house of a state with unfilled labor needs, to the clearing house of the particular state or states which are able to fill those needs, and then allow the two state offices to arrange the detail of the hiring and transfer of the men between themselves.

2. Functions of the Employment Service

The preceding chapter has made it unnecessary to discuss at length the functions of a public employment service. The fundamental purpose of the Service should be the reduction of unemployment and irregular employment, the equipment of industry with an adequate labor force for all its needs, and the conservation of the working efficiency of the wage earners of the nation. These objectives can be attained only by a broad, constructive policy. The Service must have efficient machinery for listing all men in need of work, for examining carefully into their capacities and desires, for securing accurate knowledge of employers' needs, and for making a discriminating selection of men and women to fill the various positions which are open.

It must seek to dovetail the labor needs of the industries in each locality so that the wage earners in each community will have the steadiest possible employment, and the employers a reliable labor force. It must make a constructive, definite attack on the problem of labor turnover in each locality, by studying the plants or enterprises in each line of business to discover what the actual turnover is, the seasons when it is highest, its causes, and the measures which promise its reduction. This knowledge, carefully analyzed, must be made available to the employers of the state and of the nation. The Employment Service must attack the problem of labor turnover reduction just as the United States Bureau of Mines and other public services are attacking accident prevention and fire prevention. Compilation of accurate data on the number of idle workmen and upon the unfilled positions in each locality with the forecasts which can be made by managers of the various exchanges, will enable the government to disseminate accurate information continually upon the state of the labor market, which information will be of assistance to workers in need of employment, to employers in planning their business, and to legislative bodies.

One of the important functions of an employment exchange, which should be clearly recognized and included within its policy, is the education of employers and employees in practices that will decrease labor turnover and reduce unemployment. But the employment man cannot teach what he does not know. He must watch closely and discriminatingly the ebb and flow of employment in the various industries and establishments of his community. He and his force must be constantly on the alert to discover *why* workmen are quitting or being discharged in the several establishments. He must find out what industries are thriving and offer opportunity to young workers, and what industries in the area served are decaying. He must learn what influences are sapping the industrial efficiency of wage earners. And having discovered remediable defects or policies which should be altered, he should utilize every opportunity to impress the facts ascertained upon the individual employer and employee, upon assembled employers, employment managers, or employees at their gatherings, and through the public press. But his criticisms must be constructive, not vague; and they must be accomplished by definite suggestions of a better way.[1]

An important reform in industry which can be definitely encouraged by the public Service is the establishment of specialized employment departments in all concerns employing any considerable number of wage workers. Where the plant is too small to have a salaried employment manager, one of the members of the firm should be encouraged to handle all hiring and discharging. The centralization of the employment function in the hands of an official who makes that his entire business will tend to decrease the labor turnover and improve the average efficiency of the workers of each establishment, will decrease the temptation to maintain decentralized labor reserves, and will cause each plant to study the labor conditions within its own plant. Moreover, it provides an avenue through which up-to-date information on employment practice can be brought into the practice of the individual concerns. The employer is the strategic person through whom effective reforms in our employment situation must be attained. Without his intelligent coöperation we can make little headway. The plant employment manager is the most effective means of winning this coöperation.

The Service must undertake the function of vocational guidance.[2] The employes in the several local exchanges should

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[1] The author has treated this question in more detail in "The Employment Service as a Means of Public Education," *Industrial Management*, April, 1919, p. 318.

[2] Cf. references on British Employment Exchange at end of Chapter X. Cf. also Vocational Guidance and Public Employment Offices, Hilda Mulhauser, *Bulletin 192*, United States Bureau of Labor Statistics; The Placing of Women by Public Employment Offices, Louis C. Odencrantz, *ibid.*, p. 122; Symposium, *Bulletin 220*, United States Bureau of Labor Statistics; The Educational Aspect of the National Labor Policy, Charles A. Prosser, *ibid.*

An interesting experiment in the vocational guidance of minors is being conducted (during 1919) at Pittsburgh in connection with the Junior Section of the be constantly directing workmen into positions in which they can earn a better or steadier livelihood, guiding young persons into industries in which there is an opportunity for them when they become adults, coöperating with the public school system in the vocational direction of those who are leaving the schools to enter employment. The Service should be able to provide very definite information to guide the federal, state, and local governments in the inauguration or carrying on of public building or construction enterprises, so that these undertakings would be carried on at times when employment is slack in the general labor market. In this way, as well as by dovetailing of employments, the Service can materially assist in reducing the total annual amount of unemployment.

The vocational guidance of adults is an important part of this work, — more important than we have realized. Considerable attention has been directed to the guidance of children, with a tacit assumption that adults do not need guidance. This is far from the truth. They need help in finding the kind of work they are fitted for, which is often not the kind they think they are fitted for.

3. Policies of Management

Our public employment experience has not developed far enough to produce solutions of many practical questions of employment exchange management, but some fundamental principles are clear. The employment exchange should be operated at as low an expense as is consistent with efficiency. The cheapest service is not necessarily the most economical, nor is the most expensive necessarily the most efficient. It is a type of business enterprise in which expenses can be increased very rapidly without commensurate results if great care is not exercised in the financial management. The financial leak may occur in a number of different ways, but is principally found in an excessive number of employees in the exchange. There is

United States Employment Service, in which the public schools and the service are coöperating. Sound scientific and business principles for this sort of work are being developed.

a marked fluctuation in the amount of work which such an exchange does in the different months in the year, and it ordinarily has more men on its payroll in winter months than it really needs. It would be better to allow the entire force to work an hour a day longer in the busiest season and shorten their hours commensurately in the dull season, or to obtain help for two or three months in the busy season to supplement the regular force, and keep the regular force smaller, than to carry as large a force at all times as is needed at the time of greatest rush. In other words, the employment service itself is a seasonal industry and should plan to vary its force at some points with the seasonal fluctuation in business. The correct way to do this is to arrange for the transfer of federal or state employees from other departments to the employment service to meet its rush periods.

We have already suggested that *quality* is the prime test of the efficiency of employment service. The financial problem faced by every office is essentially that of giving efficient service in large volume at a minimum of expense. The better the quality of service the greater the cost of each placement. The test of efficiency which has been widely applied to public employment exchanges in the United States, — a low average cost per placement — is fundamentally unsound. The test had its origin in a report presented to a state legislature by the superintendents of one of our state employment systems, who showed that the average cost per capita of placements in their offices was far below a dollar. The idea was picked up by the state offices of other commonwealths because of its effectiveness as an argument in legislative bodies, and we have had to witness a competition between the state offices in reducing their per capita instead of in improving their service. Minnesota, for instance, proudly exhibited a per capita cost of but nineteen cents per placement, but those who know the facts behind the figures know that fully ninety per cent of the placements were casuals who worked but a few hours or a day, that the same man or woman was sent out several times each week, that the offices were almost entirely serving ne'er-do-wells whom the employment officials themselves held in contempt. The per capita cost test of efficiency emphasizes the number of placements, not the quality. Any one can see, on a moment's thought, that the placement of one honest, industrious workman in a steady job is more important than sending two hundred casuals out to work long enough to get a dollar or two to buy their liquor and something to ward off starvation.

But the placement of casuals makes impressive statistics, while the placement of steady workers makes hard work and costs money. *It takes time* to fit a machine operator, a stenographer, a farm hand, a bookkeeper, or even good common laborers into steady jobs. The employer's needs have to be examined, the employee's questions have to be answered, selection must be exercised.

An employment system is a service organization. It creates no commodity; like the barber shop or a hotel, it simply serves certain human needs. Mere quantity of service is never satisfactory. When we get to a hotel or a barber shop we want quality in service. When an employer patronizes an employment office he wants intelligent, discriminating personal service. He wants the employment office to get the kind of help that he wants and that will fit into his organization. When an employee goes to the exchange, he wants to be placed in a job for which he is adapted and which serves his interests. He is not satisfied with just having any job. *In the long run, it is the advertising of the satisfied customer which determines the success of any service industry.* This fact cannot be too deeply impressed upon the local examiners.

These considerations lead us to state formally as one of the cardinal financial principles of a satisfactory employment service that *quality, not quantity, should be the goal in placement work; and economy, not parsimony, the financial motive.* A good employment service should, under normal industrial conditions, have a decreasing number of placements, as it fits a larger and larger percentage of the wage earners into relatively steady work.

Quality in an employment service means more than the faithful performance of the business which comes to the desk of the staff. If the personnel in a public employment exchange are "clock workers" and "duty workers," the exchange has a limited future. It is essential that they be actuated by a keen desire to attain the maximum in service, and be ready to do anything which improves employment conditions, whether the work done will improve their statistical report or not. Initiative is at a premium; the spirit of self-forgetfulness indispensable.

The widest personal contact with employers, civic and labor organizations, and with the general economic and civic life of the community is an important part of the manager's work. It enlarges his business and equips him with that expert knowledge of his community which is indispensable in an efficient exchange.

Impartiality between employers and employees is essential. This does not imply that the employment officer must be without convictions or surrender his conscience. But it does imply that he must not be actuated by prejudices. A clear bias will neutralize his influence.

Fairness and coöperation with the employers and employees does not require the employment official to curry favor with them. His influence will be greater if he is fearless and independent and insists on the courtesy and respect due a government service. State employment officials have demonstrated in a number of cases which have come under our observation involving large employers that *a firm insistence that employers conform to the rules of the service* and abide by the terms offered to the workers in the employer's application to the exchange for men, has resulted in compliance and an increased respect for the service. *Employees, on the other hand, must be made to understand that they cannot disregard their obligations.* It must be made clear to them that the service will expect them to live up to their contracts, stay on the job, and give honest work; and that those who do not do so will be discriminated against in the assignment of jobs. This is particularly important in dealing with those classes of labor which do irregular work.

There is some difference of opinion about the *degree of re-*

sponsibility which should be assumed by the public employment exchange when placing workers. We have shown that the English exchanges started out with the theory that the employment exchange is a place where *information* is given out; that it is a means of directing employers to available men and directing workers to openings, and that it should not and cannot try to *select* workmen for employers.[1] In other words, it dispenses information rather than positions. Some American authorities have taken the same position.[2] Theoretically, they are probably correct. Practically, we do not believe that an employment office can avoid making definite selections. The employer expects the office to send him a man competent to fill the position. In a large number of cases, he does not desire to have to pass judgment on the man sent to him. Those large employers who have specialized employment departments and a percentage of other employers desire to reserve the power of selection or rejection to themselves. But most employers expect the employment office to be able to sift the workers for them. They rely on it for expert service. Their test of the efficiency of the exchange is its capacity to obtain and select good workmen for them. The exchange must, in any case, exercise some judgment on the men it sends to employers, and patrons of the exchange do not make nice discrimination as to the exact amount of responsibility which the exchange ought to assume.

The workers, on the other hand, often resent being sent out to be picked over. Fruitless trips waste their time, strength, self-respect, carfare, and opportunities to get other positions. They believe that the exchange ought to know what sort of men the employer wants and be able to select the person who will fill the vacancy.

Experience has demonstrated that the employment exchange manager has to assume responsibility for the quality of men sent to the employers. On the other hand, in the cases of failure of workers to get employment to which they are sent the office is held responsible, unless they have specifically informed the workers that the employers specifically reserved the function of selection to themselves. Ordinarily, the office should assume that the responsibility of selection of individuals rests upon it. Even in those cases where it does not bear the full responsibility, the office ought to avoid sending out any workman unless they believe he has a reasonable chance of being hired and kept. "After all," says Mr. Bruno Lasker, "the purpose of a national system of labor exchanges is not merely to effect as many placements as possible, but to make placements satisfactory both to employers and employees," and he finds that one of the defects of the English system during its early years was the failure of managers to be careful in their selections. Experience has made the exchanges realize more and more the degree to which they are held responsible. It is of course true that the final decision must in all cases rest with the employer and employee. If, when the man arrives, the employer finds that the exchange has not really sent the kind of man he is looking for, he must of necessity retain the right to refuse to hire him. Similarly, the workman must retain the right to refuse to go to work if he finds on arrival that the position is not one that he wants.

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[1] Cf. "The British Labor Exchanges," B. Lasker, *Bulletin No. 206*, The United States Bureau of Labor Statistics, p. 15.

[2] *Op. cit.*, pp. 17–18. Cf. "Public Employment Offices in Theory and Practice," Wm. M. Leiserson, in *American Labor Legislation Review*, May, 1914.

Strikes have given employment exchanges a knotty problem, but the majority of experienced employment men seem to agree that the principle which obtains in England and in most of the state exchanges in the United States is the correct one. They accept orders for men from employers during a strike, but require the employer to give the essential information about the strike from his point of view and give opportunity to the strikers to present the facts to the office from their point of view, and then give this information to the workmen who apply for jobs at that plant. Some exchanges, in order to avoid any misunderstanding, stamp the words "Strike on" on the introduction cards which they give to workmen when they send them to the job.

Secretary of Labor William B. Wilson does not agree with this policy. He said, in an address on the subject at Washington on April 25, 1919:[1] "If there was an industrial dispute in existence, we would not be the agency through which labor could be furnished to that industrial dispute. We take this ground with respect to industrial disputes:

> "That there is a sufficient supply of labor there if a strike is going on. The labor is competent to perform the work that is required, as has been evidenced by the fact that it has been doing it, and to send workers from some other community, however near or far, into a community where there is already a sufficient supply of labor of the necessary skill, is simply to create a complication, a surplus of labor, one of the things that are to be avoided, and where a labor dispute is on, it is not a question for our Employment Service to deal with; it is not a matter for it to handle. It is a question for our Conciliation Service to deal with, and when the Conciliation Service has successfully handled the problem, then you have the workers there, ready to go on with the work. That has been our attitude with regard to industrial disputes."

4. Training the Personnel

It is essential that the employees in each exchange shall have adequate training and preparation for their work. This can be obtained in many ways. There should be in the state service in each state one person or more who has a thorough training in economics and in the underlying causes of the employment problem, who has taken training in employment management in one of the technical schools or universities, and who has had opportunity to study at first hand the best managed employment offices, both public and corporation managed, in the United States. He should master the technique of employment work and then devise means of training and continually improving every person in the force.

The regular staff conference in which the entire force meets every week or two for the discussion of the problems which come up in the daily work is important. The exchange manager should keep himself informed on general conditions throughout the country and upon the literature of employment and be able to give his staff some of this information at each of the staff meetings. Another useful device is to have experts on employment, under the general supervision of the state advisory board, select pamphlets, magazine articles, or other printed or typewritten material, and have it circulated from office to office over the state. The material would remain in each office for two or three days and then be sent on to the next office in the circuit. The state director would hold each exchange manager responsible for seeing that each member of the staff reads the article while it is in the office.

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[1] At a conference on employment legislation called by the United States Employment Service. We quote from memorandum released to newspapers by the Department of Labor.

One of the vital defects in American public employment exchanges up to the present time has been an inadequate knowledge of the problem they were attacking. The managers and their assistants have, in a large percentage of cases, lacked vision. They have occupied their thought with details in office management and neglected the formulation of policies. The details cannot be neglected, but neither can the policies. They have not tried to understand the causes of irregular employment, the reason why some men will not work steadily, or the many other basic problems of their business. They have not realized the need for a comprehensive organization of the labor market or the part they should play in it. They have not seen how intimately their work is related to the civic, political, and moral, as well as the industrial, life of their communities.

CHAPTER XII

THE EMPLOYMENT DEPARTMENT

THE United States was at war. It had given a contract to a manufacturer for cannon. Rapid production of war supplies was essential to victory. A man hired as an all-round tool maker was told to bore a seventy-five millimeter gun. He said to the job boss, "Come and give me some pointers." Said the job boss, "Weren't you hired as an all-round tool maker?" "Yes." "Then bore that or get out." He got out, and later explained that he was an all-round tool maker, but had never seen a modern cannon before and did not propose to spoil the first one.[1] He could have been trained in a single day or less to continued high production. As it was, the company lost a good and conscientious worker, whom they had spent $50 in securing, production was delayed, and they had to go out and spend another $50 or more seeking a substitute.

The employment policies which obtain *within* industry are as important as those which obtain in the public employment market. The nation can organize machinery for the mobilization, distribution, and placement of labor; but only the employer can organize the machinery which will fit each worker into the exact job for which he is best adapted, assist him to increase his productive capacity, and retain him in the establishment. The nation can provide employment exchanges to bring the worker to the factory door; but the employer has to introduce him to the inner life of the establishment, locate him in his specific tasks, and fit him into the plant's productive organization. The most efficient public employment organization imaginable will fail to attain maximum results unless equally efficient employment organization and policy obtains within industry itself.

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[1] From an address of H. E. Miles, Annual Convention, Employment Managers' Association, Rochester, N. Y., May 10, 1918.

The last fifteen years have witnessed the establishment of employment departments in so many progressive concerns that

> "it is becoming the exceptional thing among conspicuously well-managed concerns to find those which have not established functionalized employment departments. There is not a city in the country in which there is not a considerable number of companies of the first importance which have accepted the principles of employment work as of fundamental importance."[1]

This rapid extension of specialized employment work within industry has been due to a number of facts. Thoughtful employers are realizing that the wise handling of men is one of the most important business problems that confront them.

> "On the one hand lie the possibilities of steady production, coöperation, contentment, and good will; on the other, the possibilities of strife, of organized social revolt, and even the wrecking of the present organization of industry."[2]

The specialization of the employment function relieves superintendents and foremen of the necessity of engaging men, and enables them to concentrate all their energy upon the production departments. Where foremen do the hiring, they often have to absent themselves from their departments or from the supervision of their men, for an hour or more, at the beginning of the day's work when they are most needed. When an employment department selects the help the foreman is able to concentrate on production, he gets on the average a better run of men, and he is no longer able to sell jobs, protect pets, or cover up his own incompetence by discharging a man. The employment specialist soon becomes more expert than a foreman can ever become in selecting workmen, and placing them in the department where they will give the best results. He discovers the reasons why workmen are quitting, and how to eliminate them. He checks up absentees, and produces more regular attendance at work. He becomes a point of personal contact between the management and the labor force, thus bridging that gap which has caused so much misunderstanding and strife.

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[1] "Advantages of Centralized Employment?" E. M. Hopkins, *The Annals*, May, 1917, p. 1.

[2] "The Employment Manager," E. F. Nichols, *The Annals*, May, 1916, p. 2.

In a word, the function of employment management is such an important part of the general function of management that it deserves the attention of a specialized executive, just as the selling or buying department does; and it is such a delicate, responsible task that it can be performed satisfactorily only by men especially adapted for it and who make it a vocation. The crude methods of the foreman cannot handle the employment problem of a modern industrial concern, without causing large financial loss through excessive labor turnover and impaired plant morale.

A business organization, like an army or an athletic team, must be unified and coördinated in order to achieve maximum results. That concern which is able to hold a large part of its labor force not only saves the expense of hiring and training a continuous succession of new employees, *but reaps the benefits of coördinated effort.* The athletic coach knows that he must have at least three essentials to produce a successful team: (1) trained players, (2) players who understand each other and "pull together," whose efforts coördinate to the common end, and (3) players who are absorbingly interested in the success of the team. Who has not seen a team of "stars" fail for lack of coördination, or lack of common interest? Who has not seen trained players in a well-groomed team fail for lack of "the spirit of victory"? The business concern can attain maximum production and pay maximum wages only by observance of the same principles. If it reduces turnover, it can hold its employees long enough to develop their individual capacities; and if it has intelligent, fair labor policies, it can weld those trained employees into an organization which has the spirit of production. But this result can never be attained unless the employer cultivates the good will of his employees as intelligently as he does that of his customers.

The employment manager is one of the most effective means of cultivating employees' good will. He can interpret to the employer the wage earner's viewpoints and problems, interpret to the worker the employer's views and difficulties. He can eliminate his misunderstandings, give more or less neutral counsel, and discover the causes of unrest and dissatisfaction among the working force. But, in order to do this, he must be a man of real caliber. The employer who seeks a cheap employment manager will fail to get the most valuable results he is after.

He must be a man who can be looked upon, by the employer, the superintendents of production departments, and the wage earners, as a staff officer, an executive. His duties require a broad grasp of the business, care in fitting men to positions, and tact and good sense both in dealing with employees and with the foremen and superintendents. A good employment manager will yield an increase in the annual profits. The employment department should be regarded as an operating department, equal in rank with the other departments, and put in charge of a man competent to rank with the other superintendents. Its functions make it as essential to the organization as the men who provide raw materials or maintain the machinery.

It is very necessary that the employment manager be able to see his place in the general organization and to think in terms of the larger policies and purposes of the company. His is a service department which can accomplish its results only indirectly. It exists to make the production departments more efficient. It should make every superintendent in the organization grateful that the company has provided them with such useful assistance.

The employment manager's personality is of strategic importance. He must have human sympathy. His kindliness must be such as will induce responsiveness in the workman, and his sincerity in that kindliness must win their confidence. He must know the working people, their lives, difficulties, virtues, and faults and be genuinely interested in helping people.

At the same time he must be able to work consistently for the advancement of the business. He must be able to investigate quickly and thoroughly, judge impartially, and act with firmness. His human sympathy, in other words, should not savor of sentimentality, but be of that virile character that enables him to get proper reactions from the men without interfering with thoroughness in work.

He should be a man of courage, of absolute fearlessness, who can steadfastly stand for his convictions when presenting them to superior officers. That manager is worth little to a company who is but an echo of some superior, and lacks the courage to discover the past and present shortcomings of the company's labor policies and show constructive ways of overcoming them.

Boyd Fisher has put this idea as follows: "Employment supervision represents a movement in the direction of the democratic shop, in which a voice is given to labor in determining the working conditions. It is a means of applying that conception of service which has revolutionized selling, to the relation of employer and employee. As the customer is 'sold' the finished product, so a workman is 'sold his job.' The latter has to be satisfied as to the task, the working conditions, the wages, and the general policies, before he becomes a genuine employee."

We will not enter into the technique of organizing and managing such a department. The references at the end of the chapter will give the reader a good entrance into those matters. Our concern centers more particularly in the functions of such departments in an organized labor market. In other words, we want to present their proper relation to the public employment service which we have been discussing.

We have already seen that a coördinated system of employment exchanges, covering the country with a network of offices, is needed to put employers in need of specific classes of labor at specific points in touch with unemployed workers able to fill their needs, and to give idle wage earners a maximum opportunity of securing employment. We have seen that such exchanges are needed as a means of gathering, from day to day, accurate knowledge of conditions in the labor market and making it *immediately* available to employers, employees, and the government. We have seen that such exchanges are needed to provide vocational guidance to millions of workers, both minors and adults, who need expert advice in choosing occupations or accepting positions, and to direct the attention of employers to changes which they can make in their business policies that will net them material gains. We have seen that specialized or "functionalized" employment departments in individual establishments can function to the great benefit of both employer and employees, by selecting and placing workers more discriminatingly and developing constructive policies to make the establishment a better place in which to work. What should be the relation of the public exchanges and these employment departments to each other? How should they divide the field of labor recruiting, selection, and placement between them? Should they be competing organizations, or coöperating, or independent?

The question, in its essentials, is not difficult to answer. The public employment exchange cannot make a final selection, cannot "hire" an employee for an establishment which has an employment department. But it can sift out of the total number of applicants those which most nearly approximate the types ordered by the employment department of the establishment. Such employment departments will, on the average, furnish the exchanges with more accurate descriptions of the types of workers desired than employers or operating superintendents do, and a careful exchange would probably send but few workers to employment departments who would be refused, unless they were disqualified by physical examinations. If workers must tramp from establishment to establishment seeking work, we still have the disorganized labor market, the excessive labor reserve, and the failure of employers and men to get together with the least waste of time. The employment exchange, by obtaining from each establishment a list of its needs, and by attracting the wage earners to its offices, can *centralize the demand* for labor and the supply of labor at the employment exchange, and can then distribute the available workers to the employers with the least loss of time and effort. The employment department can then select, out of those sent, the ones competent to fill the positions vacant, can induct them properly into the establishment, can see that they are properly trained, can develop constructive policies of retaining and developing them. The public employment exchange can enable the employment department to function more efficiently. The employment department is one of the exchange's main hopes in the effort to reduce labor shifting and to stabilize employment.

PART III

SPECIAL PROBLEMS OF EMPLOYMENT

CHAPTER XIII

THE LABORER

EMPLOYMENT offices, both public and private, have found their principal clientele among unskilled and semi-skilled laborers. Teachers' agencies, vocational bureaus, and the "skilled labor" departments of public exchanges have placed many skilled workers each year, but the total of this business has been small compared with the millions of laborers placed by employment offices annually. The skilled mechanics of the country have ordinarily obtained work through their trade unions, direct application to employers, or watching newspaper advertisements, rather than through employment offices. During the war, skilled mechanics were placed by employment exchanges in much larger numbers than ever before. For the first time in our history they used employment offices to a considerable extent. But it is probable that large numbers of them, particularly those who are members of unions, will continue for some time to depend primarily upon other agencies than employment exchanges as means of obtaining work.

It is the relation of the employment service to the ordinary laborer which is of especial importance at the present time. The laborers lack the facilities which enable mechanics to secure work. Laborers, male and female, constitute a large proportion of that decentralized labor reserve which we discussed in our first chapter. They bear with especial severity the burden of unemployment which we discussed in our second and third chapters. Theirs are the hardships of the unemployed, the evils of the "blind alley" occupation, the deficiencies due to inadequate education and training. No class of wage earners would receive greater benefit if an adequate employment service improved labor distribution, stabilized employment, checked labor turnover, provided vocational guidance, and made excessive labor reserve unnecessary to industry.

The writer wishes in this chapter to discuss the laborer from two points of view: First, in connection with a classification based upon variations in skill and technical knowledge; second, in connection with a classification based upon the degree of steadiness of different laborers in their employments.

1. Classification on Basis of Types of Skill

There are three principal types of *laborers* from the point of view of skill in work. There is a type of laborers whom we may justly call *skilled laborers*. They are to be distinguished from the mechanic who has learned a trade and from the stenographer or the bookkeeper who has learned a definite occupation, on the one hand, and from the crude, untrained laborer, on the other. These skilled laborers have a certain specialized skill, such as the ability to operate rip saws or some other special type of machinery, to stoke a gas house retort, or to operate a tramcar in a mine.

From the point of view of technical skill the skilled laborers are in no sense mechanics. They operate the bulk of our simpler machinery, such as rip saws or cross-cut saws in our wood-working factories, punches, stamping-presses, and emery wheels in our metal industries. They furnish us with street car men, chauffeurs, many types of packers and craters, meter readers, gas stove testers, and a thousand other kinds of more or less skilled help. They have never learned any trade, though some of them have acquired a considerable degree of skill at a task, and constitute a class of workmen who lie in between the cruder kinds of common labor and the skill of the mechanic.

The second type of laborer, from the point of view of skill, is the semi-skilled laborer. He has acquired knowledge of some definite task or tasks, but his tasks are of a lower grade than those performed by the skilled laborer. His work takes less knowledge. He has been employed at many kinds of work without ever having acquired an adequate knowledge of any.

The third type is the crude common laborer, who does work that requires little but physical exertion under constant direction. The reader can observe it typically by spending a half hour watching a railway extra-gang. The foreman furnishes all the thinking. He tells his men to lift and they lift, to let down and they let down, to shovel and they shovel. They have no knowledge of what their next moment's work will be — and they have no desire to know. Work of this general type is found in every manufacturing establishment, store, contracting job, or other industrial enterprise of any size. Many janitors, freight elevator operators, and foundry laborers may reasonably be included in the same group.

The writer speaks of this type of laborer as a common laborer. The exact significance of the term "common laborer" has not become fixed in the United States. Many persons use the expression as descriptive of work that merely "takes a strong back and a weak mind."[1] Ditch digging, railroad section work, casual labor, carrying mortar, or pushing a wheelbarrow are typical of what the words mean to them. Others use the term to include any work which has not become a recognized part of a definite trade. There is a distinct, and probably increasing tendency to differentiate between the cruder forms of labor and those forms which require a degree of skill by the use of the terms "unskilled laborers," "semi-skilled laborers," and "skilled laborers" — all three terms being used to describe *laborers* as contrasted with mechanics and those who have occupations (*e.g.*, stenography, which must be learned through a definite course of instruction). And the writer thinks the distinction is one which should be recognized. There are important differences between the unskilled laborers who do work that requires only muscle or dexterity, not training; semi-skilled laborers, typified by the machine-tending factory hand who can be trusted only with the simpler machines, the steadier class of building laborers, and many artisan's "helpers"; and the skilled laborers who include factory operatives of the higher grade but not possessing knowledge of a skilled trade, much clerical and mercantile help, and such mechanic's assistants as "mason tenders" or bricklayer's helpers.[1]

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[1] George Lavell, in *Atlantic Monthly*, May, 1919, p. 646.

One of the most suggestive passages on this subject in economic literature is the analysis of Professor Alfred Marshall, of Oxford University.[2]

> ". . . The solid qualities of the modern machine-tending artisan are rated more cheaply than the lighter virtues of the mediaeval handicraftsman. This is partly because we are apt to regard as commonplace those excellences which are common in our own time; and to overlook the fact that the term 'unskilled labourer' is constantly changing its meaning.
>
> "Very backward races are unable to keep on at any kind of work for a long time; and even the simplest form of what we regard as unskilled work is skilled work relatively to them; for they have not the requisite assiduity, and they can acquire it only by a long course of training. But where education is universal, an occupation may fairly be classed as unskilled, though it required a knowledge of reading and writing. Again, in districts in which manufactures have long been domiciled, a habit of responsibility, of carefulness and promptitude in handling expensive machinery and materials becomes the common property of all; and then much of the work of tending machinery is said to be entirely mechanical and unskilled, and to call forth no human faculty that is worthy of esteem. But in fact it is probable that not one-tenth of the present populations of the world have the mental and moral faculties, the intelligence, and the self-control that are required for it; perhaps not one-half could be made to do the work well by steady training for two generations. Even of a manufacturing population only a small part are capable of doing many of the tasks that appear at first sight to be entirely monotonous. Machine-weaving, for instance, simple as it seems, is divided into higher and lower grades; and most of those who work in the lower grades have not 'the stuff in them' that is required for weaving with several colours. And the differences are even greater in industries that deal with hard materials, wood, metals, or ceramics.

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[1] A very interesting picture of the gradations of skill among laborers will be found in "Labor Conditions in Slaughtering and Meat Packing," John R. Commons, *Quarterly Journal of Economics*, Vol. XIX, pp. 1–32; reprinted in "Trade Unionism and Labor Problems," John R. Commons.

[2] "Principles of Economics," 5th Ed. Vol. I, pp. 206–207.

"Some kinds of manual work require long-continued practice in one set of operations, but these cases are not very common, and they are becoming rarer: for machinery is constantly taking over work that requires manual skill of this kind. It is indeed true that a general command over the use of one's fingers is a very important element of industrial efficiency; but this is the result chiefly of nervous strength and self-mastery."

"Manual skill that is so specialized that it is quite incapable of being transferred from one occupation to another is becoming steadily a less and less important factor in production. Putting aside for the present the faculties of artistic perception and artistic creation, we may say that what makes one occupation higher than another, what makes the workers of one town or country more efficient than those of another, is chiefly a superiority in general sagacity and energy which is not specialized to any one trade.

"To be able to bear in mind many things at a time, to have everything ready when wanted, to act promptly and show resource when anything goes wrong, to accommodate oneself quickly to changes in details of the work done, to be steady and trustworthy, to have always a reserve of force which will come out in emergency, these are the qualities which make a great industrial people. They are not peculiar to any occupation, but are wanted in all; and if they cannot always be easily transferred from one trade to other kindred trades, the chief reason is that they require to be supplemented by some knowledge of materials and familiarity with special processes."

2. Classification of Laborers from Employment Point of View

When we consider the laborers of the United States from the point of view of steadiness in employment, we find that they fall quite naturally into five distinct classes, and that each of these classes includes within its membership skilled, semi-skilled and unskilled laborers.

The highest type of laborer is the man who holds a steady job. He is part of an industry; he has an occupation. He is a citizen in a community; generally the father of a family; probably a member of one or more lodges, and very frequently of a church.

There are millions of such men in this country. They are the firm basis upon which rests the superstructure of skilled labor in our industries. They are the men upon whom the employers depend in a large degree for continuous, efficient production. They represent a wide range of occupation, a considerable variation in skill and training, and the highest paid members of the group earn at least a dollar and a half a day more than the lowest paid. Some of the skilled laborers are of this steady type, some are not. The same thing is true of the less skilled laborers. *Steadiness of employment*, in other words, is *not entirely determined by the worker's skill.* Other things being equal, the more skilled laborer will be retained by an employer in preference to the less skilled. But other things are not always equal. It therefore happens that in each type, classified by skill, we find the steady and the irregular worker; that in each type, classified by regularity of employment, we find the skilled, the semi-skilled, and the unskilled laborer.

The steadier, more responsible type of laborers hold a large percentage of the steady jobs in our economic system. They represent no social problem so long as they can maintain the status of regular employees in more or less continuous jobs. But any change in industrial processes, reorganization, or industrial depression, which displaces them from their steady jobs quickly reduces them to a difficult position. Their income is barely sufficient while steadily employed to provide the necessities for their families, and they can never hope to save more than enough to pay for a small home and carry a thousand or two thousand dollars' worth of life insurance. Indeed, few of them can save at all during the years when their children are small, except possibly a couple of hundred dollars to protect them against temporary adversities. Their children ordinarily go to work as soon as the law permits, and the period of saving in this type of family ordinarily begins when the earnings of one, two, or three children are added. The idea is almost universal among the common laborers that it is the duty of a child to contribute his wages to his father's family for a period of years before he strikes out for himself. The girl's earnings are commonly believed to belong to the parents until she marries or definitely leaves home.

The steady type of common laborer tends to settle in some community, and very frequently in some establishment, and remain there. Hundreds of thousands live in the same house or in the same section of a city for years, and I have personally known many who have been twenty-five or thirty years with the same employer.

This type of laborer has been recruited in America largely from the successive waves of immigration. Each race, when it first comes to the United States, is compelled to start at the bottom of the economic ladder and cannot hope to obtain any considerable number of the more lucrative positions until it has adapted itself to American conditions and become an integral part of American life. One reason for the contempt often manifested toward recent immigrants has been that Americans have unthinkingly assumed that since the majority of the people of a certain race in America are common laborers at that present moment, the intelligence, capacity, and prospects of that people are of common labor grade. Conversely, some of the aversion of the typical American to common labor is due to the fact that it is largely performed by recent immigrants whose ignorance of our language, customs, and standards of living is accepted by the unthinking as a mark of some mental, moral or spiritual inferiority. The English, Scotch, Irish, Germans, and Scandinavians, have had their turn at common labor in America, and that status is not peculiar as a characteristic of early years in America, to the Slavs, the Italians, the Portuguese, the Jews, the Greeks. Each race has taken its turn, and each race has in its succession gone through a sifting process in America which has left its less competent and less fortunate families to form a recruiting ground for future generations of laborers; while its more aggressive elements pushed upward into a happier economic state as skilled mechanics, farmers, or business men, or into the professions or politics. The first generation of immigrants can seldom escape from the common labor class unless they obtained technical training or education in the old country which naturally fits them for a higher status, but, thanks to the American public school, many of their children do.

A second and very important source of recruitment of the common laborers is their children. The low wage of the father, which throws the child into industry at the completion of the grammar grades or even before, makes it very difficult for the common laborer's child to escape into a more lucrative occupation. Many individuals of exceptional ability do escape. Some advance themselves in the establishments where they are employed. Their industry and capacity cause their employers to give them an opportunity to learn a higher grade of work. They become skilled machine operators, mechanics, shippers, foremen. Others get on a farm or start a small business and succeed. Some attend night school or take correspondence courses. But the difficulties which surround them in their attempts to rise are hard to overcome, and a large percentage do not attain anything more, as a maximum, than a steady job at manual labor, and, as a common experience, a precarious livelihood.

Many young men and women drift into the ranks of the laborers each year in a misdirected effort to improve their lot. Thousands of boys and girls leave the farm to seek their fortunes in the city, with no training or preparation which fits them for any city vocation. Some are fortunate in dropping into some employment which paves the way toward a successful life. Others become laborers of the steady type. Many drift here and there and degenerate into irregular, more or less migratory, laborers; while each year some see that they will be better off back on the farm and return to rural life.

A fourth, and rather important, source of common laborers is the failures in other economic groups. Common labor is the last resource of those who fail in other occupations. Each year economic, moral, physical, and mental failures drop from other groups into this great residual group. Common labor includes those who have not yet begun the upward economic journey, and those who have lost the fight. The first type of common labor which we have described, the steady, reliable type, is of course largely composed of those whose limitations of training or of capacity have prevented them from attaining better occupations; while the failures are most frequently found among those types which we will describe.

The American Bankers Association made a study of one hundred average men, healthy and vigorous in mind and body and dependent, at twenty-five years of age, upon their own exertions for a living. Ten of them were wealthy by the time they were thirty-five, but only four at forty-five, and but one at fifty-five years. Ten others were in good circumstances at thirty-five, while forty were in moderate circumstances, but at fifty-five years of age only three were in good circumstances; forty-six were still working for their living, and thirty were more or less dependent upon their children or their relatives or charity for support. Twenty out of the original hundred died before they were fifty-five years of age; one was rich at fifty-five, three were in good circumstances, and seventy-six were either wage earners or dependent. At seventy-five years of age, sixty-three had died — of whom sixty left no estate; only two were wealthy, and the other thirty-five were dependent upon relatives or charity for their support. Throughout the life history of these one hundred men, all able-bodied and self-supporting at twenty-five years of age, runs the record of a considerable percentage of failures. At thirty-five years of age, thirty-five of them had no property; at forty-five years, sixty-five were wage earners without property and fifteen were at least partly dependent because of sickness, accident, or other causes; at fifty-five years, forty-six were wage earners, and thirty more or less dependent; at sixty-five years, fifty-four had become dependent; and out of the whole one hundred, but five left an estate.

The second type of common laborer is also a permanent factor in the life of a community. He may leave town when work is slack locally, but he returns. The essential characteristic of his economic life is that he works for a succession of employers. The first type described work steadily for prolonged periods for certain employers; the second type works for contractor Jones, then for Smith, then for Brown. Now a temporary job is attained in a furniture factory, then in a brick yard, and again in the shipping room of a department store. In other words, the first type of laborer gets a *position*, the second works at *jobs*. There are many varieties of this second type. At his best, we find a man with a family, struggling bravely for existence. He eagerly seeks employment when idle and works faithfully when employed, but has no special skill and has not been fortunate enough to annex a steady job. Frequently he is not as strong, as quick or as intelligent as many of the men with whom he must compete. His wife commonly assists in the bitter struggle by keeping boarders or doing washing or sewing. In tens of thousands of cases she goes out washing or cleaning for a day or two a week. Their children are found at the work bench at the earliest possible age and high school education is not a thing that the family can think about. In a somewhat lower type of these irregular laborers we find the family intermittently on the rolls of the charities, whenever two or three weeks of continuous unemployment, sickness, or other temporary calamity assails them.

In another variation, we find the man single and living in cheap boarding houses. Usually, but not always, he deteriorates steadily under the influence of drink, irregular work, and irregular habits. He tends to approach closer and closer to the type of the true casual, though he often fails to develop entirely the casual's psychology. Mr. Charles K. Blatchy, after years of contact with this type in New York, thus described them, in his testimony before the Industrial Relations Commission:

> "They are practically unemployable. They are unreliable. They are men who are drinkers to such an extent as to interfere with their ability to earn a living. Some of them are willing workers and able bodied, but they work a month, or until the first pay day, then they quit and spend the money."[1]

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[1] Report of Commission on Industrial Relations, 1912. Vol. II, p. 1167.

A little later in his testimony he says:[1]

> "In going over one case record as we call it, only two or three weeks ago, I found that one man had had thirty or forty jobs in the last seven or eight years."

The struggle for existence of the married man of this class is harder, more bitter — but he has more to fight for.

Mrs. Alice Solenberger has given a clear picture of the types of people found in the cheap lodging house, the associates of this laborer who remains single.

> "Altogether, viewing the population of the cheap lodging houses from the standpoint of the social worker, it may be stated that it includes four distinct though constantly merging classes of men.
>
> "These classes may be summarized as follows:
>
> "(1) Self-supporting. All men of whatever trade or occupation who support themselves by their own exertions. Some are employed all the year; some are seasonal workers; others casual laborers; but all are independent.
>
> "(2) Temporarily dependent. Runaway boys; strangers who lack city references and are not yet employed; men who have been robbed; victims of accident or illness; convalescents; men displaced by industrial disturbances, or by the introduction of machinery; misfits; foreigners unacquainted with the language and not yet employed, and other men without means who could again become self-supporting if tided past temporary difficulties.
>
> "(3) Chronically dependent. Contains many of the aged, the crippled, deformed, blind, deaf, tuberculous; the feeble-minded, insane, epileptic; the chronically ill; also certain men addicted to the continuous and excessive use of drink or drugs, and a few able-bodied but almost hopelessly inefficient men.
>
> "(4) Parasitic. Contains many confirmed wanderers or tramps; criminals; impostors; begging-letter writers; confidence men, etc., and a great majority of all chronic beggars, local vagrants, and wanderers.
>
> "The first group is composed of able-bodied men who work all or most of the year and who expect to support themselves by their own exertions. In the second group are men capable of self-support, but temporarily and in many cases quite accidentally dependent. In the third are men who formerly belonged to the first and second groups but who, on account of age or chronic physical or mental disability, or for other reasons, such as the excessive use of drink or drugs, or extreme ignorance and inefficiency, have become continuously dependent upon the public for support.
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> "Men of this class may sometimes again become at least partly self-supporting and are not parasitic in spirit. In the fourth group are the parasites, the men, whether able-bodied or defective, who make a business of living off the public and who apparently do so from choice rather than from necessity. Some are thieves and criminals, some clever impostors and beggars who live by their wits; still others are only 'tramps,' not necessarily criminal, but nevertheless anti-social.
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> "This classification takes the self-supporting, self-respecting, able-bodied lodging

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[1] Report of Commission on Industrial Relations, 1912, Vol II, p. 1168.

house resident of average morality as the type nearest approaching the normal citizen. Men of the second group fall temporarily below this normal standard, but may be brought back to it unless they are forced by circumstances still farther below normal and into the third group. All three of these groups are constantly contributing to the fourth, the distinctly abnormal, with which society must deal along corrective and repressive lines." [1]

The distinction between this general group of laborers and the one first described is found in the relative steadiness of the first group's employment, and the relative unsteadiness of the second's. One works for the same employer for considerable periods of time; the other changes employers frequently. Individuals of the first group frequently pass into the second group, when they lose their steady jobs and are unable to get others. Individuals of the second group sometimes pass into the first group by fortunately dropping into a steady job.

The distinction between these two groups may seem to one not familiar with the home life of the common laborer to be a flimsy one. It may seem somewhat vague, especially since individuals of each group are passing each day into the other group. There is a middle ground, a twilight zone, in which many people are found whom it is difficult to classify as being of either one type or the other. But the distinction is an extremely important one. The conditions of home life — even of lodging house life — which grow out of steady work are much different from those which grow out of unsteady work. The members of the group with steady employment are never far from destitution. They are poor, very poor. They have a hard time to make ends meet. They commonly have to take their children out of school by the time that they are twelve to sixteen years of age. A period of unemployment, a bad sickness, or other misfortune, will quickly bring them to the point where they must have help. But ordinarily they are making ends meet. The wife or children may have to earn part of the living, but the family is self-supporting, and as it looks ahead they see a prospect of steady income and of continuing self-support. They have a certain sense of assurance, of confidence, of hope.

[1] "One Thousand Homeless Men," Solenberger, pp. 9–11.

The group which works at a succession of jobs, on the contrary, continually hears the wolf's claws scratching on the door. They live in constant uncertainty, constant fear. They have no assurance of continuing income, no solid basis for hope, no opportunity to get a few dollars in the bank, no justification in starting to buy a home. They are living from hand to mouth, and never know at what moment the hand may be empty. Their self-respect and honesty are always under the strain of fear; their working efficiency is deteriorated by a continual change of jobs that makes it impossible for them ever to attain efficiency at any. They are, by force of necessity, jacks of all trades and masters of none, and after they pass forty-five and their strength begins to wane, the effects of undernourishment and the declining courage that accompanies a life of fear, bring steadily declining efficiency.

The "professional casual" [1] is a third distinct type of resident laborer. He is a distinctly lower type than either of the others, but recruited from their ranks. Every employment office is familiar with him. Any city with three hundred thousand people will have perhaps three or four hundred well-known individuals and many others who border on the type. Some of them are steady patrons of the state or municipal offices, some of the Salvation Army, some of the charities. Others hang around saloons, hotels, settlement houses. Individuals of the type can be found in almost every country town and rural community. They are a distinct social group.

At times, especially in the winter, the employment exchanges find among those accepting casual or semi-casual employment, laborers and mechanics who ordinarily work steadily but who are temporarily unable to get work and are taking odd jobs to carry them along. For instance, the Minnesota Public Employment office carried a machine operator with a wife and family for about four months at odd jobs, until he was able to get a steady job. He has now been working steadily for a year and a half in a machine shop, has paid off his debts, and is getting his family affairs in shape. But these are not casual workers. They do not belong to the type. They are doing casual work only temporarily, and they neither live the life, nor think the thoughts, nor have the point of view of the true casual.

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[1] The writer uses the word "casual" in a very definite, restricted meaning, to signify one who works very irregularly and intermittently. Beveridge and other English writers, and some American writers, also use the word "casual" to describe men who do irregular work — those who lie in that fringe between such irregular occupations as that of the building laborer and the true casual. The writer believes that the word "casual" should be reserved to those who have no desire except for the odd job. This is the sense which the term has in law, and it conforms to a definite psychological and human type.

A man becomes a casual when he acquires the casual state of mind.[1] The extreme type of casual never seeks more than a day's work. He lives strictly to the rule, one day at a time. If you ask him why he does not take a steady job, he will tell you that he would like to, but that he hasn't money enough to enable him to live until pay-day, and no one will give him credit. If you offer to advance his board until pay-day, he will accept your offer and accept the job you offer him, but he will not show up on the job, or else will quit at the end of the first day. He has acquired a standard or scale of work and life that makes it almost impossible for him to restore himself to steady employment. He lacks the desire, the will-power, self-control, ambition, and habits of industry which are essential to it. Some of them have families which they make little or no effort to support, never working if they can get some one else to feed them. Others do not know in the morning where they will lay their head at night. They live permanently in the city, but have no residence. Some of them are moral failures, some defectives. The man who works irregularly, but who still accepts jobs which last for days or a few weeks, has not completely developed a casual psychology and offers far greater hopes of rescue to steady employment.[2]

The causes which produce the casual are many. A striking number of them are young.[3] In general, these seem to be defective in those mental traits which are the basis of industry and ambition, and in the sense of responsibility; defective in moral stamina or training, and addicted to drugs, drink, and vice; or defective physically and unable to do steady, hard work. Absence of the moral ideas and motives which cause most of us to work is probably more important in explaining these younger casuals than any other one explanation. A large number of them begin their casual career early in their industrial lives, acquiring a taste for change and developing an incapacity for sustained effort while mere boys. It is impossible to say to what extent their unsteadiness is due to habits induced by unsatisfactory industrial experiences; and to what extent it is due to personal defects in the individuals, physical, mental, or moral, which have their origin in heredity or in their home conditions. It is probable that some of them, if properly guided in their early industrial career, would have developed into steady workmen. It is equally probable that many of them entered industry with a personal psychology that caused them naturally to slip down instead of climbing up.

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[1] Cf. also "One Thousand Homeless Men," A. W. Solenberger, Chap. IX.

[2] Cf. Final Report, Industrial Relations Commission, Vol. II, pp. 1165–1177.

[3] Cf. "One Thousand Homeless Men," Solenberger, Chap. XIII; "Unemployment, A Social Study," Rowntree and Lasker, Chap. III; "Unemployment, A

When we turn to the group of casuals who are older their explanation is even more complex. Many are moral failures, mental defectives, or physical unfits, as already described. Others are the residuum of our labor market. Starting out as common laborers, or even as skilled workmen, twenty years before, they worked steadily for a time, then became subject to irregular employment, either because of industrial conditions, or because of drink or vice or a taste for traveling. Gradually they became more and more irregular in their working and life habits, and crystallized into casuals living from day to day and hand to mouth without self-respect or ambition. They are to a large extent parasites in the body politic, never working if they can get drink and food and a place to sleep without work.

Experienced employment men are unanimous in their condemnation of the unconscious but serious contribution which

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Problem of Industry," W. H. Beveridge, Chaps. V, VI, VII; "The Problem of Unemployment in the United Kingdom," Sidney Webb, *The Annals*, March, 1909, p. 196.

well-meaning people who employ casuals make to the ruination of such men. For instance: A professional man is working about his home in the spring. He wants some ashes hauled out, some spading and raking done, the storm windows taken off. He telephones the employment office for a laborer. They send one at an agreed price of 35 cents an hour. The laborer works seven hours. He has earned $2.45. The employer gives him three dollars, and tell him to keep the change. He also gives him an old suit of clothes or a pair of shoes. The workman has been overpaid and extended charity. He has done a short day's work of a kind easier and pleasanter than that of the factory or building job, and has received in cash and goods two or three times what he earned. Perhaps this man was not a true casual. He took an odd job because he could not get a steady one. But he found, to his surprise, that he "got better money" for less work and with less restraint upon his goings and comings. Good pay and easy work is a lure that attracts. He begins to wonder whether he is not a fool to work hard every day when he can pick up as much in four days of casual work as he earns in six of steady work. The reader will immediately wonder whether the case described is typical. The facts are, that a majority of the casual employers will pay only what they are obligated to pay, but cases like the one cited occur with sufficient regularity to make the casual look for and expect them, and to occur in the experience of any regular worker who does casual work temporarily. Indeed, I have had casuals prove to me by the actual record of their earnings that they were earning more (in the spring and fall) by casual work than they could have earned by steady work, *because they were overpaid on part of their jobs.* As long as society makes it easy for a man to earn a living by casual work we must expect a continuing crop of casuals.

The employment service, at least in American cities, should develop a policy: (1) of keeping the wages per hour for casual work as low as those for steady work; (2) of notifying each employer of casuals to pay the agreed wages, and no more. This may work a hardship to some individuals who cannot do regular work, but this is insignificant compared with the benefit attained in checking one of the causes of deterioration of workmen into casuals.

The English writers have given particular attention to the problem of restoring casuals to steady employment and checking the forces which produce casuals. Mr. Beveridge showed in 1910 that the first step in the decasualization of labor must be the organization of the public employment exchanges to which all applicants and all orders for casual work would have to come,

> "and that this Exchange should so far as possible concentrate employment upon the smallest number that will suffice for the work of the group as a whole; that successive jobs under different employers should, so far as possible, be made to go in succession to the same individual, instead of being spread over several men each idle half or more than half of his time. In such a policy is to be found the remedy, and the only remedy, for the most urgent part of the unemployed problem — the chronic poverty of the casual labourer."[1]

In other words, his suggestion is that all of the casual and short-time jobs be given to part of the present group of irregular workers, and the balance forced out of such employment. It proposes that the most capable of the casuals be inducted into steady work; that a second group be kept busy by a succession of jobs; and that those who are almost unemployable be either cared for by charity or restored to usefulness by medical treatment, proper feeding and training.

The idea of decasualizing irregular workers has attracted the attention of many students of the problem.[2] It represents in the field of employment the same concept that "saving the sinner" does in religion and moral effort. The prevention of casualization — the arresting and reducing of those forces which produce casuals — corresponds, on the other hand, to measures by which we try to conserve the character of the young and prevent them from getting where they will need to be rescued.

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[1] *Op. cit.*, p. 201. The reader should keep in mind that the word "casual" here includes the very irregular worker as well as the pure casual.

[2] See references at end of chapter.

Mr. W. H. Beveridge reached the conclusion that the only way to prevent the creation of casuals is to eliminate the casual job, and the only way to eliminate the casual job is to unify four or five demands for casuals to work a day or two into a solid week's work for one man. He says:

> ". . . Thrift, sobriety, adaptability, initiative are good things for many reasons. They are apt to be too good for the casual labourer. An individual here and there may rise superior to overwhelming odds. The mass is inevitably demoralised by a system of employment which panders to every bad instinct and makes every effort at good hard and useless; which by turning livelihood into a gamble goes far to take from idleness, slovenliness, and irresponsibility their punishment and from assiduity its reward. The casual labourer is the rock upon which all hopes of thrift or self-help or trade union organization, no less than all schemes of public assistance, are shattered. When it is asked what is to be done for the casual class, the answer must be that the only thing to be done either for or with the casual class is to abolish it, and that the only way of abolishing it is to abolish the demand which it serves.
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> "The chronic under-employment of the casual labourer is no inexplicable or exceptional phenomenon. It is the resultant of normal demand and supply — of the need of employers for irregular men and the readiness of men to do irregular work. It cannot be cured by any assistance of individuals. It can be cured, theoretically, either by cutting off the supply or by cutting off the demand, that is to say, either by making all men unwilling to do irregular work or by making it impossible for them to get it to do. . . . The sources of supply to the casual labour market include every form of human weakness and misfortune and every point of industrial stress. Something may indeed be done to affect particular sources — to divert boys from uneducative to educative employments, to mitigate the hardships of industrial transitions, to lessen the pressure of competition in the towns by making the country less repellant to the countryman. All this will leave abundant sources untouched. . . . Diminution of the supply of casual labour would be at best but an indirect way of forcing a modification of the employers' demand for casual labour. It is, therefore, to the modification of their demand, in other words, to its 'decasualization,' that attention must ultimately be directed. . . .
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> ". . . The time is ripe to consider the obvious criticism upon de-

casualization that, in making work more regular for some, it throws others out altogether. The fact is undeniable. The avowed object of de-casualization is to replace every thousand half-employed men by five hundred fully-employed men. What of the *dis*-placed five hundred? . . .

"If the men do not and cannot, spite of all Labour Exchanges, find work elsewhere, this must be either because there is no work for them to do — *i.e.*, because the country is already more full of men than it can hold — or because they are inefficient. On either of these last suppositions, de-casualization becomes even more necessary than before. If the country is already more full than it can hold, *i.e.*, is over-populated, then it is a matter of crying urgency to replace every thousand half-employed men (all potential fathers of unnecessary families) by five hundred fully-employed men, and to leave for the others no choice but emigration. If the men are inefficient, *i.e.*, capable of working only occasionally and not often enough for a living, then they cannot safely be left at large to bring up in semi-starvation fresh generations of inefficients. . . .

"The practical answer to the supposed objection is to be found in the manner of applying de-casualization in practice. In the first place, the change could and should be made in a time of good trade rather than in one of bad trade, so as to give those displaced the chance of at once finding other situations. . . . In the second place, the change could and should be made gradually. There need be no visions of a vast and unmanageable surplus thrown by de-casualization upon the hands of the community at a moment's notice. De-casualization, it may conveniently be noted at this point, implies something more than the mere provision of Labour Exchanges. It implies also a definite policy at those Exchanges in concentrating work on the smallest possible number instead of spreading it out over many men. The rate at which this concentration shall be carried out is very largely within the control of the Exchange. De-casualization, in other words, once the Exchanges were at work, might be made to proceed as slowly or, within limits, as quickly as was desired. A great part of it would be accomplished by squeezing out the very lowest class of men who now live really on sources other than their own labour — upon their family or upon charity; the day's work that they now get once a week or once a fortnight, and that does them no real good, might go to some other man now getting three or four days a week and make for him all the difference between sufficiency and slow starvation. A great part again could be accomplished by squeezing out the highest class — the young and vigorous — who, if forced to it, might find other openings. Another part would consist simply of preventing any entry of fresh men to replace those who died. In the third place, since a great many of those thrown out, especially at first, would be men of a very low class, unfitted by privation and bad habits for immediate undertaking of regular work, it would be necessary to have available some form of training or convalescent institution where they could be dieted and disciplined into other ways."[1]

Sidney Webb speaks of this analysis of the situation by Mr. Beveridge as one of "the most momentous of this generation in the realm of economic sciences."[2] It is a suggestion that individual employment offices in America have carried out in a small way and found practical, but it cannot be utilized with sufficient effectiveness to decrease the underemployment and moral deterioration of the casual laborer except by a well-established, comprehensive employment system directed by men with training commensurate with the difficulties of their task.

We have discussed thus far three main types found among the common laborers resident in any community: those holding regular positions, those who hold two or more positions during the year but work whenever they can get work, and the casual who is idle whenever he can avoid work. The two other types of common laborers to which we referred in our classification are migrants rather than residents. The typical characteristic of their lives is that they have no permanent abiding place and no permanent employer. The distinction between the two types is practically the distinction between the irregular resident laborer and the casual — one seeks employment and pursues chances to work, the other travels and works as little as possible. The superficial differences between the two may not be noticeable, but the moral differences are significant.

Many farm hands, carpenters, painters, and other classes of mechanics, as well as laborers who are permanent residents of specific communities, at times find it advisable temporarily to seek employment in other communities, but either return to the communities from which they started, or take up a permanent abode in the new locality. These temporary migrants are not the persons whom we are now discussing. They migrate from one place to another to work, but are not part of the migratory labor group. They do not spend their lives in travel. They are steady workmen who have temporarily found it necessary or promising to try their fortunes in a new place.

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[1] "Unemployment: A Problem of Industry," Beveridge, pp. 201–206.

[2] "Prevention of Destitution," Webb, p. 130.

It is true that many of them are caught by the economic forces or the lures and temptations which surround the man who is on the road and degenerate into true migratory workers. As one of the witnesses before the New York Commission well said:

> "We talk a great deal about men becoming tramps and hoboes. In my experience over a great many years, and particularly in my connection with the Bowery Branch, with which I have been connected for ten years and as active secretary for seven, I will give it as my unqualified opinion that a great many of these men are becoming encouraged in becoming disciples of the road because of their earnest efforts to find employment, and continually seeking it from one town to another. I have very many cases which I could cite of men, intelligent, capable fellows, who have become virtually tramps because of their continued search for work, and trying to readapt or readjust themselves to changed conditions. And I therefore think it is entirely wrong for the State to impose that burden on the man, when the State can more adequately and thoroughly and more successfully render the service by putting in his reach information facilities which will enable him quickly to adjust himself to the conditions in which he finds himself."[1]

The attempt to transplant one's self, when it does not yield good results, leads easily to a second and third move, and not infrequently to an inability to stay anywhere.

The true or confirmed migrants — the Ishmaelites of modern times — have no abodes. They live where they happen to be.

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[1] Mr. Harry W. Hoot in Report of New York Commission on Employers' Liability and Unemployment, April, 1911, Appendix 11, p. 197.

If one of them gives you a permanent address, it is the place he left years ago, never to return, or else it is fictitious. They generally either have no family, or several families. The ones they have, have usually been abandoned; and ordinarily there is scant welcome if the wanderer makes an occasional visit.

"They live in the camp or lodging-house. Their pleasure is found in the saloon and its accompaniments; in the pool-room or the movies; or in the rough jokes of the camp. When in town they are the prey of the saloon, the dive, the second-hand store, the employment agency, the municipal police court, the lodging-house thief, the pickpocket. In camp their lot is often little better. The writer has known cases where men have worked a month and have been in debt to their employer at the end for employment fees, post-office fees, board, hospital fees, and transportation."[1]

As a result,

"There has been a remarkable increase in the number of these men (tramps) in the United States during the last two decades. Previous to the Civil War, the word 'tramp' did not appear upon the statute books of any state of the Union. Today nearly all recognize his existence and endeavor to cope with the problem which he presents. Twenty years ago a few small cheap lodging houses, built for the accommodation of homeless working men, might have been found in some half dozen of our largest cities. Today there are a number of such lodging houses in every large city in the country; they house not only hundreds and thousands of 'homeless' workingmen, but also large numbers of tramps, beggars, and petty criminals."[2]

"With the exception of Greater New York, the city of Chicago has a greater number of such lodging houses and a larger floating transient population than any other city in the United States. The reasons for this are many. Situated in the heart of the Mississippi Valley at the foot of Lake Michigan it attracts to itself during a part of the year thousands of harvest hands from the northwest, deck hands from the lake boats, railway construction laborers, men from the lumber camps of the North, and men from all over the Central West who are employed in seasonal trades of many sorts."

[1] Cf. "A Clearing House for Labor," Lescohier, *Atlantic Monthly*, June, 1918.

[2] "One Thousand Homeless Men," Solenberger, p. 2, p. 6. Cf. also Final Report Industrial Relations Commission, Vol. II, pp. 1165–1177; 1341–1358, 1359–1362.

Mr. A. H. Larson, formerly manager of a branch office of the National Employment Exchange,[1] gave a description of the process of degeneration through which many workers pass which coincides with the writer's observations:

TESTIMONY OF MR. LARSON

Mr. Larson. . . . The conditions leading up to the homeless unemployed rest largely on the environment to which he is introduced in the commissary camp. This is not original, but I want it on the record, because I think it is important. Take, for instance, a young American who is brought up on a farm; he comes to the city. He has only a few dollars, and he may go to a cheap lodging house, and pay 15 or 20 cents for two or three nights, until he gets a job, and goes out on contract work. He lives in a commissary, that, originally, the contractor may have intended to be sanitary, but when you get an aggregation of men in a commissary it is quite difficult to keep it in a sanitary condition unless it is strictly supervised.

Mr. Leiserson. Do you state from actual experience with people in camps?

Mr. Larson. Yes, sir.

Mr. Leiserson. State how you got your experience.

Mr. Larson. I got my experience from taking them to jobs from New York City from 1909 off and on until 1912. When a man lives in an insanitary camp, usually he works there four to six months, and he lives in filthy conditions. At one end of the bar he gets his sardines and his loaf of bread and comes back to the middle of the bar and gets his bottle of beer, and that is his dinner. Then he comes back to New York, and the cheap lodging house on the Bowery is not nearly as repulsive to him as it was the first time he came to the city. He will stay around a lodging house for a few days, each morning going out and looking for work. When he has been there a week probably, it suddenly dawns on him that he is about the only man in the lodging house looking for work, and he wants to know the reason, and then he is instructed by acquaintances he has made, how to live in New York City without working. You heard something last winter about men being sent out on snow from the municipal lodging house, and that they would not work. I refuse to believe that those men would not work because they were underfed. Eighty per cent of the men going to the municipal lodging house are physically capable of doing ordinary manual labor.

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[1] This was a private employment agency of the better type which operated within the city of New York.

Mr. Leiserson. Will you state just what experience you had in the municipal lodging house that caused you to speak of this particular point?

Mr. Larson. I was social secretary there for two years.

Mr. Leiserson. And that —

Mr. Larson (interrupting). As such I tried to get work for the men and help runaway boys to get back home, and so on. Sixty-five per cent of the best men applying at the municipal lodging house — I say the best men, because I did not have time to interview any but the men that I felt I had the biggest chance of doing something for — consequently I picked out the best men I saw in line; I asked them to come to my desk. Sixty-five per cent of the best men applying at the municipal lodging house were there through intemperance. Don't get that confused with the statement that 80 per cent of the men are capable of doing physical labor. The fact that a man is down and out through drink does not necessarily mean that he has been able to earn enough money to drink enough whiskey to break his physical constitution. But it does mean that through his environment at one point or another he has reached a point or he has reached a stage of disregard of moral respect —

Mr. Leiserson. Would you put the responsibility for that lapse on the part of that — that lack of self-respect on the part of the man — on the conditions in the camps — the commissary conditions, and so on?

Mr. Larson. Starting with the labor camp and graduating in the cheap lodging houses.

Mr. Leiserson. You think that those conditions manufacture these men who are unwilling to work?

Mr. Larson. I certainly do.[1]

The employment service should develop very definite policies for dealing with the various types of laborers. They should, in the first place, keep a very careful record of their experience with each individual. Too frequently, employment officials have said, "He is just a common laborer," and have (unconsciously) assumed that *any* common laborer could be sent to

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[1] Final Report, Industrial Relations Commission, Vol. II, pp. 1268–1269.

any employer, just as any sack of wheat might be sent to any miller. Nothing is farther from the truth. Each laborer has special capacities and peculiarities, and the employment official, as he places him from time to time, should be seeking to determine the kind of job for which each man is best fitted and to get him into that kind of a job. But it is impossible to keep each man in mind, and the official's memory must necessarily consist of an office record. Every placement should be followed up and its results noted, not for the purpose simply of discovering which men are unreliable, but for the purpose of enabling the placement officers to sift the laborers and constructively assist them into steadier work. Many a man has been lifted out of casual work into steadier employment by such help; and even more men have been changed from irregular to regular employees. The employment officer must continually remember that a man's value to society is in large measure determined by the regularity of his work and life. It is the men and women who work steadily, have continuing responsibilities, and who are permanent members of some community who are the foundation upon which American democracy rests. Every man who does his little to stabilize work and lives does a little for the strengthening and improvement of our national life. The employment service cannot, of course, start out to solve all of the problems connected with the unemployables and semi-employables who will come under its observation. It is not a rescue mission. But its business is one which so intimately affects the life of its customers, that it must at least assume responsibility for intelligent, careful direction of those who apply to it for work. It owes this duty to them, to the employers for whom they will work, and to the nation.

CHAPTER XIV

FARM LABOR

A GOOD deal has been said and written in recent years about "the farm labor problem." One can as accurately speak of "the manufacturing labor problem." For farming, like manufacturing, presents a wide variety of labor problems. There is as much difference between the farm labor problem in a dairy district and the farm labor problem in a small grain area or an irrigated apple district, as there is between the labor problem in a machine shop and that in a beet sugar factory or an oyster cannery. Failure to recognize the complexity of "the farm labor problem" can only lead to attempted solutions that will prove inadequate. A second important fact should also be noted: Those who speak of "the farm labor problem" have in mind the farmer's labor problem. They are thinking of the shortage of skilled farm hands which so often embarrasses the farmer. They have often overlooked the fact that the farm hand may possibly have a "farm labor problem" that also needs solution. We believe that this chapter will demonstrate that the farmer's problem cannot be solved unless the "farm hand's" problem is solved too. We hope that the discussion may help stimulate that careful study of the situation in each state which is the first requisite to an adequate farm labor policy. It will not be possible to relieve the farm labor shortage which obtains in many sections of the country unless we meet each local situation with a policy which fits that particular situation.

1. FARM LABOR DEMAND AND THE LABOR SHORTAGE

The shortage of competent, responsible farm hands is no figment of the farmer's imagination. It is a serious reality. It has resulted in thousands of skilled farmers selling their farms and retiring from the business. It has resulted in other thousands leasing their farms to tenants. It has reduced the output of American agriculture and retarded the development of farming. If the shortage consisted of a scarcity of harvest hands or other but slightly skilled help, it would not be difficult to deal with. But it is a shortage of men competent to handle modern farm machinery and valuable horses; of men able to cultivate corn, care for orchards, or manage stock.

Many reasons for the scarcity have been suggested. The Country Life Commission showed that our democratic civilization spurs the ambitious, competent farm hand to become a tenant and eventually a farm owner; that shorter hours of labor, easier access to diversion, and often higher wages in the cities, draw the young people from the farms to city industries, and that the indifference of many farmers to the comfort of their men deters laborers from accepting farm work. Unfortunately for the farmer, it is generally the best of the young people who seek a richer life away from the farm, and the loss to the rural community when the young people go to the cities is greater than mere numbers indicate. By a natural process of sifting, most of the more competent young farm hands either become farm operators or leave farming, while intermittent work and irregular living impair the efficiency of a large percentage of those who remain farm laborers.

There is another cause of farm labor shortage of much importance. The scarcity is partly due to the violent fluctuations in the demand for such labor. Irregularities of demand have played an important part in creating deficiencies of supply. The reliable type of farm worker is driven away from agriculture by inability to secure steady employment. No plan to produce an adequate supply of farm labor will succeed unless the workers can support a family by farm work.

Our writers have been looking at the farm labor question from the point of view of the farmer, and it may throw some light on the problem to now approach it from the angle of the employment market. There is no reason to believe that the farmer and agriculture can stand in any different relation to wage workers than other industries.

The fact that even large farms employ but a small number of men, as compared with the number employed in what the cities call a small manufacturing or constructing business, has caused farmers to overlook the necessity of studying the *labor aspects* of their farm labor problem. They have not realized that the farm labor situation is but a part of the general labor situation. They have not recognized the fact that agriculture is competing with urban industries for its labor. It is now important to emphasize that the farmer and the housewife have reached the time in our national development when they must adapt themselves to the conditions in the labor market, and employ their help on a modern business basis.

The employment exchange manager, when he looks at the farm labor problem, sees it from an entirely different point of view than the agriculturist or the educator. To him, the farmer is simply an employer looking for labor. Agriculture is one of the industries seeking men to do its work. Different farms, and different kinds of farming, represent different types of agricultural establishments, requiring men of different kinds of skill and various degrees of strength, for varying periods of time. The employment man *knows* from his experience, that the success of agriculture in finding the men it needs depends fundamentally upon the ability of the agricultural industry to offer attractive labor opportunities to the men it seeks. He immediately asks himself: "What does agriculture offer the farm laborer in the way of a vocation, an adequate livelihood, a satisfactory life?" His answer to this question makes clear some of the reasons for the scarcity of good farm help.

The farm offers, to a large part of the skilled men it needs, irregular work, no definite hours of labor, isolation, and in many districts, wages lower than those in other employment. The responsible, self-respecting workingman, whether urban or agricultural, wants steady work, definite hours of labor, definite duties, satisfactory living conditions, companionship, and wages adequate to afford him a good livelihood. "The country," says the Country Life Commission (and the employment man), "must meet the essential conditions offered by the town, or change the kind of farming." . . . "The shortage of labor seems to be the least marked where the laborer is best cared for" (pp. 94, 97). Unless farming can offer labor opportunities as good as those offered by other industries it will continue to suffer from its present scarcity of good workmen. Every farmer who offers steady employment at fair wages, with reasonable hours of labor and proper living conditions, is using one of the most dependable methods to assist the nation to solve the farm labor problem.

The unsteadiness of farm work not only deters men from taking up farm labor as an occupation, but encourages farmers to try to get all they can out of the men they employ temporarily. Since the farmer is not trying to make the man like his place and remain there, he is apt to demand longer hours of labor and more work than he would from a man whom he planned to hold permanently. On the average, he does not provide as good sleeping accommodations as he would for steady help, and often fails to provide as good board. The inferior class of transient laborers who go to the farms under existing conditions are an excuse in the farmer's mind for the perpetuation of such conditions. The situation works in a circle: The farm gets a poor class of help because of its unsteady demand for men and deficient working conditions, and it continues the unsteady demand and those labor conditions because it gets a poor class of help.

Agriculture's demand for labor, like that of the urban industries, is of three main types: A demand for steady or year-round help; a demand for busy season help; and a demand for short-time or casual help. The first of these types is found typically on dairy farms, and where diversified crops combined with stock raising make continuity of employment possible. The second, or crop season, demand consists of offers of farm employment during the crop growing season. In almost every section of the country there is a vigorous call each spring for farm hands to work until the crop has been gathered and either marketed or stored. The third, or casual, demand is found at the rush seasons, when farmers want extra help for days or weeks. The year-round and crop season demands are for "all-round" farm hands, for skilled and responsible men. Much of the short period demand, such as the small grain harvest and fruit picking, can be satisfied by inexperienced help. Only a minority of skilled workers is required.

The demand for year-round help is the ideal type of labor demand. It offers continuous employment to the workman, gives him a definite annual wage and permits him to have a permanent residence; while it keeps the farmer continuously supplied with help, enables him to calculate his approximate annual labor costs in advance, and keeps his capital investment on his farm profitably employed throughout the year. But the demand for year-round men is, unfortunately, a minor element in the demand for farm labor. The larger farms in all parts of the country keep a small number of steady employees; dairy and stock farms in most cases do not vary their labor force through the year, and some farmers who could dispense with help during the winter months keep their men through the dull season if they will accept reduced wages. Farmers can do more to relieve the farm labor shortage by reorganizing their crop and stock system so as to spread their work more uniformly through the year, and thus create a steady demand for skilled farm hands, than by any other single measure. It is of course true that the best of the farm hands will, on the average, marry and either become tenants or farm owners. It will probably be difficult, at least in the immediate future, to develop any considerable number of married men who will live in tenant houses on the farm and work as farm laborers. The farm laborer who "is worth his salt" tends, under American conditions, to acquire control of a farm and go into business for himself when he marries. There is an essential difference at this point between the farm wage earner and the city wage earner. The one goes into business for himself when he marries; the other's occupation is not disturbed by his marriage.

The crop season demand corresponds to the contractor's spring demand for carpenters and other building mechanics; or to the manufacturer's call for skilled workers for his busy season. The farmer, like these other employers, is seeking skilled, experienced workers for a period of months, with the full expectation of discharging them as soon as his busy season ends. And, like these others, he has been experiencing increasing difficulty in recent years in finding this skilled help when it is needed. They are all complaining about a shortage of "good men." The contractor laments the fact that so few of the mechanics he can obtain have really "learned their trade." The manufacturer, after long dependence upon immigration, is now seeking to provide himself with skilled men by promoting industrial education. The farmer complains incessantly at the scarcity of men who are competent in farm work. All three are embarrassed by their inability to get men who will "stick."

The demand for crop season labor, as already suggested, is the most difficult demand to fill. It calls for men of as good quality as year-round hands, but does not offer advantages to workmen sufficient to keep an adequate supply of such men in the market. The man who fills the crop season demand must find other work during the winter months. This is the dull period in a majority of our industries, and especially in the rural counties. The supply of winter work for such farm hands is not adequate, and if obtained at all generally requires migration to another locality. Some go to the woods or the mines, others to factories or casual work. But a large part of them face probable unemployment for a large part of the winter. Except in localities where the crop season demand is so limited that local laborers who find other local work during the winter months can meet the need, the situation almost inevitably drives the steady, reliable man who wants a dependable livelihood to seek some employment in which he can at least live in a community where there is a prospect of winter employment.

Many farmers want skilled men for even shorter periods. Each spring there is a strong call for skilled men to work but a few weeks during seeding. Later in the season the farm develops short-time demands for help for haying, harvesting, threshing, corn husking, potato picking, fruit picking, and packing, and other rush season needs, but these require but a small percentage of skilled workers. Much of the work can be done by able-bodied persons after brief instruction.

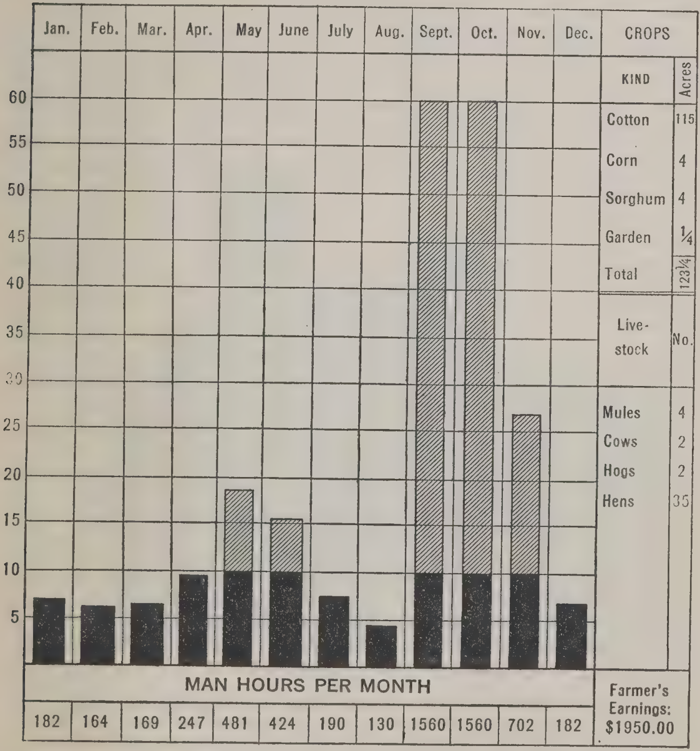
This demand resembles the contractor's offer of employment on specific jobs to terminate with the completion of the job, and the manufacturer's or merchant's employment of extra skilled help for short rush periods. The demand for skilled help thus appears under three forms: for steady help to work the year round, for season help, and for short-time or peak-load help.

Large farms often hire all three classes of help, — year-round, crop season, and rush period — just as the large factory or contractor does; while the smaller farms depend upon a steady man with extra short-time help in the harvest, or hire help only during the rush periods. A farm of about 1000 acres in central Minnesota, which produced milk and beef cattle, hogs, corn, wheat, oats, rye, and barley, epitomizes the labor policies which American farmers have adopted to make their outlay for labor fluctuate with the volume of their work. Four or five men were hired the year round. Season help was hired in March or April to work until December. They were the main dependence for corn cultivating and for summer fallowing. Extra hands were hired for three or four weeks in April and May for seeding, and then discharged. Early in July haying hands were employed by the day, most of whom could remain through the harvest if they cared to. In August and September a considerable number of harvest hands were added for harvest and threshing. Little thought was given by this operator to the practicability of spreading his work more uniformly through the year by different cropping and stock feeding policy.

Many communities haven't a single farm on which all three types of farm help will be found. But every prosperous farming community contains farms which utilize one or more of the types on different farms. Farmers whose choice of crops and methods of management spread their work rather evenly through the year keep steady hands; those who diversify their field crops and put in a considerable acreage of corn, potatoes, sugar beet, truck, or other crops requiring cultivation, need season hands; while those who grow hay, small grains, and fruits are apt to need short-time help.

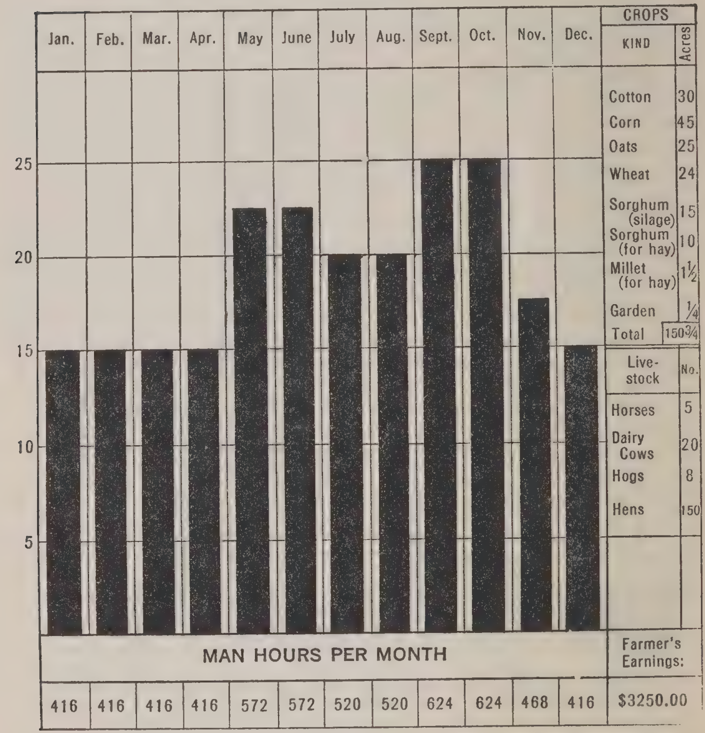
But crop diversification and careful planning can materially reduce the demand for seasonal help and increase the demand for steady help. We realize, of course, that absolute uniformity of labor needs throughout the year cannot be attained. Cotton and fruit picking, the small grain harvest, and similar agricultural concentrations of work are certain to produce rush-periods in various sections of the country which will compel the employment of extra help.

Chart VII. — Single Crop Labor Demand, Highly Seasonal.



A Texas farmer working 123 acres of land put 115 acres into cotton, four into corn, and four into sorghum. (See Chart VII.) During January, February, and March his farm required him to work about seven hours a day. In April, he worked nine hours.

Chart VIII.—Diversified Farm, Slight Seasonal Labor Demand.



In May and June he hired one man but did not give him steady work. In July and August he let his man go and only worked half time himself. In September and October he hired five extra hands and three during the early part of November and sent his family into the fields. In December he was alone again. During seven months of the year he did not have enough work to keep himself busy. For two months he hired one man but could not give him full time work. For two and a half months he needed several extra men to help pick his crop. On another farm, with 150 acres, the farmer raised thirty acres of cotton, forty-five acres of corn, twenty-five acres of oats, twenty-four acres of wheat, twenty-five acres of sorghum, and $1\frac{1}{3}$ acres of millet and garden. (See Chart VIII.) He hired one man by the year, and his boys helped when not in school. He did not hire any short-time help. The first farmer kept two cows, two hogs, and four mules; the second, twenty cows, eight hogs, and five horses. The first farmer's earnings for the year were $1950; the second, $3250. The observer comments on the two cases as follows: The first

> "kept his children out of school to pick cotton and sent his wife into the cotton field. An undesirable class of itinerant labor was brought into the neighborhood which became a burden to the rest of the community when the picking season was over . . . He is gradually robbing the soil." The second "brought desirable labor into the neighborhood, needed no additional labor, kept his men and equipment busy, and improved his soil."[1]

The value of this demonstration, which is but one of a number in the same bulletin, is not confined to the cotton states. We can substitute wheat, flax, rye, fruit, and other acreages for the cotton acreage and find the illustration descriptive of conditions in many other states or parts of states. Concentration of demands within short seasons discourage workmen from remaining permanently in the business and training themselves for it.[2]

Charts VII to IX illustrate the stabilization of labor demand which can be effected by carefully planned crop diversification. Charts VII and IX show the highly seasonal demand for labor of a cotton farmer; Chart VIII, the almost uniform labor demand on a well-diversified farm. Chart IX presents a small farm, where hired labor is used but little. Its interest is in its demonstration that single crop agriculture on a small scale prevents the farmer from utilizing his own labor power effectively, just as single crop agriculture on a larger scale causes periods of rush alternated by periods of stagnation in the labor market.

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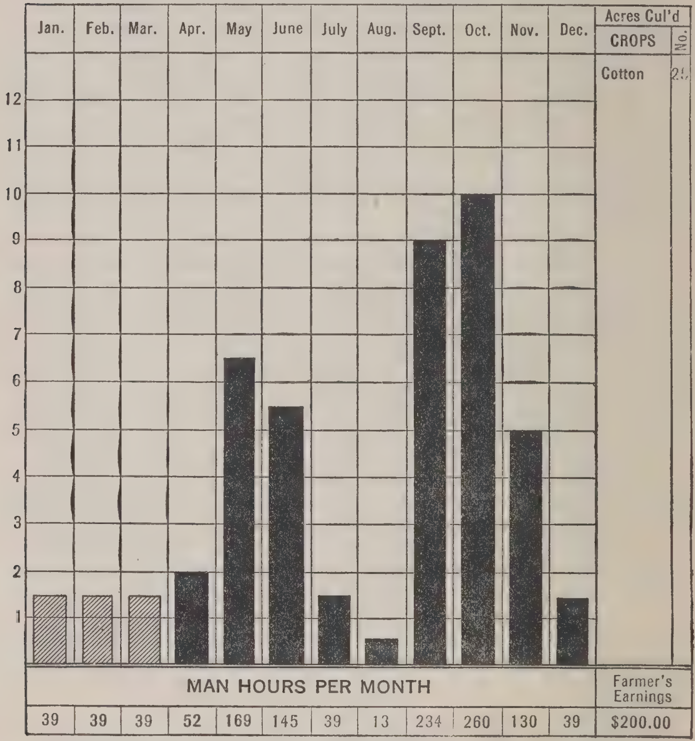
[1] "Man Power in Agriculture," Bulletin of the Agriculture and Mechanical College of Texas, College Station, Texas, October, 1918.

[2] A number of striking contrasts in the farm labor demands of different types of farms will be found on pages 9–12 of "A Graphic Summary of Seasonal Work on Farm Crops," Separate from Year Book of Department of Agriculture, 1917, No 758.

CHART IX. — SMALL SINGLE CROP FARM.



2. LOCAL VARIATIONS IN TYPES OF LABOR DEMAND

There are three basic influences in agriculture which have an important effect upon the farm labor demand. The first is found in *differences in temperature and rainfall in the different* *sections of the country.* These control to a large extent the time of the year when each crop operation is performed in the several localities, and also influence the kind of crops grown. Spring oats, for instance, are planted in northern Florida about January 10, and the planting area then moves gradually northward. The end of March finds the oats in the ground in Kentucky and Tennessee, and in another month the seeding is under way as far north as Duluth. The United States Department of Agriculture says that the movement "of spring operations and events" northward proceeds at a rate of "approximately one degree of latitude or 400 feet of altitude in four days"; and that in the fall the progress of operations southward as the northern states freeze up proceeds at about the same rate.[1] This does not mean that the demand for labor in the southern states disappears as this wave of labor demand moves northward each spring. Instead, the opening up of the spring farm labor demand in the south and its gradual spread northward means a steady widening and enlarging of the demand for farm labor from January to May.

The second of these factors is *the topography of the country.* This determines to a considerable extent, in conjunction with temperature and rainfall, the size of the farm and the type of agriculture characteristic of each district. A rugged country, in which relatively small valleys offer the only opportunity for the plow and the hills must be turned over to cattle or sheep, will generally develop small farms where most of the farm work is done by the family, and little help is hired. The broad prairies of the Dakotas just as naturally invite the tractor, the gang plow, and the extensive cultivation of small grains.

The third modifying factor is the *type of crops raised.* This is of course a result of climate, soils, topography, market facilities, customs (which may have grown up more or less accidentally), and other causes. But it makes a great deal of difference, when one attempts to develop practical policies for meeting the farm labor needs of any state or locality, whether tobacco, beet sugar, apples, wheat, milk, or cotton is the most important crop in that district. The type of crop raised largely determines the type and quality of labor needed. The extent to which farmers practice single crop as contrasted with diversified agriculture combined with the kind of crops raised, determines the time and the intensity of the seasonal demands for help.

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[1] Bulletin Number 758, page 4.

The United States, with its variety of climate, altitude, soil, rainfall, and population, naturally contains agricultural districts of many radically different types. The broad acres of Texas, where cotton and wheat are raised on large farms with much employment of negro labor, the cotton districts of the lower Mississippi valley, the mixed farming of the upper Atlantic coast and the northeastern states as far west as Michigan and Indiana, the rich corn fields of Illinois and Iowa, the small grain states in the upper Mississippi Valley, the wheat, rye, and grazing areas between the Dakotas and the mountains, the ranches of the southwest, and the fruit, vegetable, and grain farms of New York, Florida, or the Pacific coast, produce radically different farm labor needs in the different sections of the country.

Even a cursory survey of our agriculture will make one realize that no farm labor policy will be successful that attempts to fit one method to the whole United States. The same policy may be adapted to the needs of *a part* of New York state, *a part* of California, and *a part* of West Virginia. But that policy may not fit the needs of any entire state. A third of the whole agricultural area of the country may present very similar problems, but that third is probably scattered through a majority of the states. This fact is so important in the development of our farm labor policies that we will present, as briefly as possible, a summary of the agricultural peculiarities of a number of typical states and the resultant variety of farm labor demands in those states.

The essential labor difficulty in the northeastern or manufacturing section of the country is the *holding* of farm labor. Here the lure of the city is particularly strong. Pennsylvania exhibits the situation in a nutshell.

The western and northern sections of the state are a hilly country in which small farms are worked by family units with but little hired help, although there are some large dairy farms producing milk for New York and Philadelphia which hire help by the year. In the central or mountain section, where only the valleys are of agricultural value, the farmers not only depend almost entirely upon their own families for farm labor but supplement their farm income by other occupations. In the southeastern section, a better agriculture obtains. Here potatoes, tobacco, oats, hay, beef, and milk are produced for market. The farms average about eighty acres and depend upon the farmer's family as the chief source of labor. In and around Lancaster county many farms hire one or two men throughout the year, many of whom are married men, for whom tenant houses are provided. The tobacco farmers in this county avoid dependence upon seasonal labor by feeding steers during the winter months, which fits very nicely into the work of stripping tobacco, and enables them to get along with such seasonal labor as the small towns can provide.

The Lake Erie truck and fruit region, with its cultivating, picking, packing, and shipping, is the only part of the state where farms require much crop-season help, and this is ordinarily obtained in the neighboring cities. In Pennsylvania family labor is the main dependence and the use of seasonal labor is very restricted.

The warmer and more level state of Indiana requires more hired help than Pennsylvania. But marked differences in the farm labor situation are found in different sections of the state.

Southern Indiana is rolling, with spots of rich bottom land, but is principally useful for grazing and fruit growing. Its wheat, rye, and other crops give but small yields and " there is a surplus of farm labor in the greater part of this section. Many men leave every spring for the farms of the north and west." The principal exception is found in the extreme southwestern corner, where large acreages of wheat, rye, and corn call for considerable harvest labor.

A belt extending east and west through the central part of the state is the important agricultural area of the state. The western third of this consists of a prairie region where corn and oats are raised on large farms, and there is a strong demand for year-round and crop season labor, with a slight extra demand for harvest hands. The eastern two thirds of the area has smaller farms and raises a larger variety of crops, and its work is spread more uniformly through the year, with the demand almost entirely for steady help. Each locality produces its own day labor and but little unskilled labor is needed. In the northwestern corner of the state, north of the Kankakee River, is a truck and dairy section, where the highest farm wages in the state are paid to good dairymen and experienced truck gardeners.

The demand for farm labor in Tennessee is predominantly for year-round and crop season help. In eastern Tennessee with its diversified farming and a limited amount of dairying near the larger towns and cities, the demand is principally for season help to work from March 1 through August, but with some demand for hay and harvest hands. But this short-time help is largely furnished by the neighbor's boy or the laborer living in the neighboring town rather than by the transient. Just to the west, on the Cumberland plateau and Highland Run, where the soil is light and sandy, there is practically no demand for outside labor. The farmer's family and the neighbor's boy are able to do the farm work during the summer, and many of the farmers and farm hands work in the coal mines or lumbering camps during the winter.

The central basin, rich in phosphate, fertile, and a natural blue grass section, presents an entirely different situation. It is a prosperous farming area. Most of the farms range from one hundred sixty to four hundred acres. Corn is grown on a large scale, and beef cattle, hogs, mules, and sheep are raised in large numbers. Milk production for creameries is common. Here there is a steady demand for year-round, reliable farm help, combined with a heavy spring demand for extra help for planting and cultivating, and a still heavier demand for haying and harvest hands in June and July. A considerable number of transients are hired during this harvest season. Wages average a little higher than in the poorer district to the east. The same situation obtains in the blue grass region of Kentucky, and in the counties southwest of it, but more labor is required there for tobacco cutting.

West of the Tennessee River, the character of the agriculture again changes. Cotton is the leading crop, with corn second in importance. Negro men and women furnish most of the field hands, and negro share croppers cultivate a good deal of the land. The extra help needed in cotton-picking time is furnished by the negroes from the towns.

In northwestern Tennessee, and the Mississippi delta, which is very rich land, is found a cotton-growing district of a more progressive and prosperous type. Corn rather than cotton predominates. Hogs are produced in large numbers. Corn, cotton, and wheat raising are carried on along with the live-stock business. Many farmers need help the year round — responsible, skilled help — and offer wages better than those in the cotton and corn district just to the east, while a considerable amount of short-time help is employed for planting and harvesting.

The essential contrast between the farming of Tennessee and Kentucky is found in the importance of cotton in Tennessee and of tobacco in Kentucky. Cotton is the crop which tempts Tennessee farmers toward single crop agriculture; tobacco the crop which tempts Kentuckians. But the tobacco farmers on the whole have been more inclined to raise corn and livestock, and thus develop a less acute seasonal demand for labor.

The grain states of the northern Mississippi Valley have been particularly dependent upon seasonal labor. Their importance as producers of staple food products makes their farm labor situation particularly important.

The agriculture centers around two crops, corn and wheat. In Illinois and Iowa we find typical corn agriculture; in western Minnesota and the Dakotas, typical wheat agriculture. The writer does not mean to imply that these are the only crops raised. But they are the crops which stand first in the farmer's mind. They determine his selection of other crops and have a controlling effect on his farming policy.

Kansas furnishes a good illustration of both types. In eastern Kansas, where corn is the leading crop, and the typical farm is from eighty to one hundred and sixty acres, we have a typical diversified farming district such as is common in the central west. There is a steady demand for year-round help, and many farmers provide a house for the family in order to get steady help. There is likewise the *strong demand for crop season help* which is typical of such farming districts in Illinois, Iowa, Wisconsin, eastern Minnesota, and similar states.

West of this corn belt is the Kansas wheat area. Here the farms are larger, running from one hundred sixty to six hundred forty acres; the farming is not so diversified, and dairying exists to but a very limited extent.

> "The demand for farm labor in this district is almost entirely for harvesting and threshing, but a light demand for plowing, sowing wheat, and putting the sorghums in the silo exists. The demand here is nearly altogether for single men. Not needing help the year round, the farmers do not provide houses for their families."

In western Minnesota, North Dakota, and Montana, the spring demand is quite active but followed by a lull in June and then an increasingly vigorous demand in July, August, and September.

Still farther west, and extending to the Colorado line, is the grazing section of Kansas. In the northern part of this area some wheat and sorghums are raised, but much larger quantities in the southern part.

> "Crops are rather uncertain in this district, consequently the farm labor demand is not at all regular. Some years there is a heavy demand for harvest and threshing help for about sixty days; in other years, when wheat does not develop, there is no demand to be reckoned with during the entire year."

South Dakota is a typical small-grain state. Like Kansas, it contains agricultural areas which are very dissimilar. It is divided into two nearly equal sections by the Missouri River, which runs from the north down across the center of the state. The district east of the river has a much better rainfall than the western part of the state. The northern part of the eastern half of the state is largely devoted to small-grain farming, although there is considerable dairying and some grazing of unfarmed land. The central third of this east section is not so well settled. It has more pasture and less corn than the northern section. All of the farmers keep live-stock and there is considerable dairying. The southeastern part of this area raises more potatoes than any other part of the state. The farms in the southern third of the east half average about two hundred forty acres each and corn is the principal crop. Some small grain is raised on each farm, and there is considerable feeding of cattle and hogs.

The farm labor demands of these three areas are considerably different. In the southern third of the east half of the state, the majority of the farmers want one or two hired men for the crop season and from one to four extra hands for the small-grain harvest and in corn husking. Relatively few keep a man steadily through the year. The central third hires more crop season hands and also more harvesters than the southern. Both potato pickers and corn huskers are needed in this area in the fall. The northern third needs the largest number of grain harvesters. In normal seasons this east half of the state uses seven or eight thousand harvest and threshing hands, and some four thousand for corn husking.

The other half of the state, west of the Missouri River, is dryer and more devoted to stock and alfalfa, except in the extreme southeastern corner of the area, which does not differ from the east side of the river, except that it is less developed. North and east of the Black Hills are some irrigated districts where intensive farming is practiced. Alfalfa is steadily increasing in favor in the western part of the state, and several hundred extra men are hired each year for alfalfa haying. This need will probably increase in future years. There is little demand in this half of the state for grain harvest hands, and but a limited demand for crop season help. Many of the stock raisers keep steady help throughout the year.

Minnesota is an interesting state, both from an agricultural and from a farm labor point of view. It is a sort of border state for several different types of agriculture. Along its southern and eastern boundary lines the moderate-sized farms and dairy interests of western Wisconsin are duplicated in a diversified farming district, largely peopled by Germans and Scandinavians, in which some of the finest Holstein and Jersey cattle in the middle west form the basis of an important dairy industry. The two tiers of counties running across the southern end of the state might be mistaken for Iowa.

The southwestern and west central section, largely Scandinavian in population, with its relatively large farms, many of which have over 400 acres of rich rolling land, resembles the best parts of South Dakota. Here small grains are raised on a large scale, beef cattle and hogs are fattened in considerable numbers, and dairying is less important. As one travels north along that western border of Minnesota he reaches the Red River Valley, one of the famous small-grain areas, and finds farming that is almost identical in type with the wheat, rye, barley, and flax raising of North Dakota.

Northeastern Minnesota, on the other hand, is still but a partially developed, cut-over country. The farmers are still grubbing out stumps, and many of them have to "piece out" their farm earnings with wages earned in the harvest fields to the west, or in the lumber woods.

Minnesota's farm labor problems are of course as varied and complex as her agricultural activities. In the southeastern part of the state the strong demand is for crop season help. Some of the dairy farms keep a man the year round. There is also a call for short-time help in the haying and harvest seasons. But the important demand is for crop season help. The same situation is quite typical of the counties stretching across the southern part of the state. In the southwestern and central sections there is a steady demand for year round help and an intense demand for crop season help, especially during corn cultivation. There is also a very heavy demand for short season help during spring and fall plowing and during the small grain harvest. The Red River Valley, like all wheat areas, requires large numbers of transient harvest hands, with a considerable number of crop season workers, but offers very little employment during the winter months.

Montana's labor demand is predominantly for seasonal help. In the irrigated areas in southern Montana are many farms which raise hay, grain, milk and beef cattle, hogs and sheep. This diversified farming calls for year-round help, and each year Montana farmers are found seeking such help in the Minneapolis and other middle west employment offices, although much of it is, of course, obtained locally.

Sugar beets, which are another important crop in this section, of course call for summer season help. This labor is furnished by families of foreigners sent in by the beet sugar companies as in most of the other northern states.

In the intermountain valleys, grain and hay are the chief crops in the lower levels, and hay and range cattle on the higher lands. There is a steady demand for year help, but the main feature of the labor requirement is found in the very large number of men that are needed early in July and from then on for a period of about six weeks to take care of the hay harvest.

But Montana's most important farm labor demand is found in the non-irrigated areas of eastern Montana. The rainfall of this section is from eleven to sixteen inches. It is a dry farming grain area. Wheat is the principal crop and rye, flax, oats, and barley important supplementary crops. Corn is being grown with increasing success in the southern part of this area, while large cattle ranches are scattered through it wherever range land is available. The cattle ranches employ their help by the year, but the grain farm demand consists, as in other grain states, of two seasonal demands. A considerable number of men are needed in the spring to get in the crops and for summer fallowing; but the big demand comes late in July when harvesting begins, and continues until threshing is completed in early October. This demand is met by the large numbers of transient harvest hands "who drift into the state both from the east and from the west at about the time they are needed."

The similarities and differences between the wheat and the cotton states are both interesting. In the wheat states of the northwest tens of thousands of white, transient laborers are employed during the harvest. In the typical cotton states the dependence is upon masses of negro laborers living in neighboring counties or states. In Texas we find both the wheat farming of the northwest and the cotton farming of the south, with the negro the chief source of transient, seasonal labor. He comes from the cities and from southern Texas for cotton picking, from September 15 to August 1. A large part of the farms in the cotton and wheat districts put most of their acreage into the single crop with resultant congestion of the labor demand into a few weeks of the year.

The prairie section of eastern Mississippi is worked by renters, rather than hired help, except on some of the larger stock farms. The truck and fruit farms are principally worked by their owners and get what extra, short-time help they need locally. It is only in the delta section, with its demand for a large number of cotton pickers in September, October, and November, that there is any sharp seasonal demand for labor.

The farm labor problem of Mississippi, like other lower Mississippi River states, has really been one of labor surplus rather than of labor shortage. Dependence upon a plentiful supply of negroes has caused a large number of the whites to live in idleness, and has produced slack farming. A correspondent in Mississippi wrote us during the war: "Millions of acres of farm lands are lying out in this state for lack of labor, and are better off lying out than to be cultivated like they have been."

Our survey would be unsatisfactory without a glance at conditions on the Pacific coast.

The state of Washington presents five distinct farm labor situations. East and south of the Columbia River is a small-grain area. The rainfall ranges from fifteen to twenty-five inches per annum in the eastern portion of this wheat belt to fifteen inches in the central and northwestern part, and five or six inches in the southwestern part. This variation in moisture is a determining factor that profoundly influences the labor demand. In the eastern portion of the grain belt, where moisture is most plentiful, wheat and rye are the most important crops, but more oats, barley, corn, alfalfa, clover, and peas are being grown, and this diversification "is resulting in better distribution of labor, more family sized farms and less necessity for the introduction of transient labor during harvest."[1] Very little transient labor is employed except for the threshing crews which thresh on contract from the shock. In the western half of the small-grain area, where the rainfall ranges from five to fifteen inches, "wheat and rye are grown almost exclusively in the cultivated parts of the area." The demand for labor is therefore subject to sharp seasonal fluctuations characteristic of small-grain areas. A limited number of men are needed in the autumn and early spring for plowing, dragging, and seeding, and a large number in the harvest threshing season. The same conditions obtain in the wheat areas in Benton and Klickitat counties.

North of the Columbia River and east of the Cascade Mountains is a rough area in which the tillable land is scattered and the farms relatively small. General farming and stock raising is practiced, and there is that more equable distribution of labor needs throughout the year which is characteristic of this type of farming. Hired labor in this district consists largely of "the neighbor's boy" who is working by the month or day until he saves enough to get a start for himself. The same relative local balance of labor demand and supply is found in many parts of the Yakima and Wenatchee valleys, especially the Yakima, in which alfalfa, corn, potatoes, and dairying are the developing agricultural industries. In the dairy district in western Washington, where farming is limited almost entirely to the production of forage for the herds, there is very little seasonal demand for labor. The dairy farms need specialists to milk the cows and care for the milk and dairy work, and field hands to do the regular farm work. But in both cases the work is steady and produces a demand for steady rather than short-time help. Some extra hands are needed during the crop season, but very few harvest hands.

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[1] Quotations are from letter of November 21, 1918, from George Severance, Vice Dean College of Agriculture, State College of Washington.

The fruit and beet sugar districts, however, produce labor demands that are more similar to those of the wheat area east of the Columbia. The irrigated fruit farms in the Yakima and Wenatchee valleys often experience another shortage of labor during apple-picking time, which was relieved somewhat during the war period by certain high schools beginning early and then closing during apple picking. The demand in this case, as in the small-grain harvest, is a short-time demand for large numbers of extra workers who do not have to have any special farming skill. In other words, it is a large, short-time demand for common labor. In the case of apple picking, the work permits the employment of youths and women, as well as men.

The beet sugar fields, whose area in the Yakima valley is rapidly increasing, call for a large amount of extra labor for a longer period. From the time that the beets come up, a great deal of hand labor is needed for weeding, thinning, and harvesting. The work can be performed by women and children and in many beet sugar districts is done by families of foreigners moved to the beet fields by the sugar companies and housed in shacks, tents, or barns. In the young beet sugar industry of Washington, the Japanese have been the principal source for this special type of seasonal farm work. When the beet harvest is over, the beet workers return to the cities or enter other industries.

The farm labor situation in California in 1918 receives illuminating discussion in a bulletin of the California College of Agriculture:[1]

> "California agriculture is highly specialized, each farmer usually confining himself to some one crop or product, as dairying, fruit, sugar beets, poultry, grain, or hay, and he, therefore, requires a type

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[1] Circular No. 193, "A Study of Farm Labor in California," by R. L. Adams and T. R. Kelley, pp. 5–6.

of labor able to do the particular kind of work necessary to successful production in his particular industry.

"A dairyman wants men all the year who are able and willing to be on hand twice a day at twelve hour intervals, milk twenty to thirty cows, and possibly clean out the milking sheds, and feed in the barns. An alfalfa hay producer wants husky men from about April 15 to November 1 who can handle teams in mowing and raking, lend a hand at cocking, hauling, and stacking, and irrigate between cuttings. A grain grower requires men for a more or less definite period during the fall and rainy season to care for and drive eight or ten head of mules in plowing and harrowing. He then has an interval with no work until the hay or grain harvest starts — the last of May or the first of June. If harvesting is done by contract the grower's interest in labor ceases with the hauling off of the crop and its safe delivery to car or warehouse. The fruit grower needs additional help for any work he cannot do himself. On small acreages this means extra help only at harvest — to gather the fruit and prepare it for sale or for drying. The man operating extensive acreage of fruit does little more than supervise the work, and in addition to harvest hands needs men to prune, spray, cultivate, and irrigate. Even among the fruit men a difference exists in the kinds of labor which can be used. For picking up prunes or walnuts any labor can be utilized and so school children, Indians, and whole families of unskilled and inexperienced people are found to be satisfactory. For picking pears, or apples, or peaches, to be prepared for shipment, only experienced, skilled help is profitable. Spraying can be done with any good worker, but pruning demands men who understand the principles involved. Irrigating demands men who know how to apply water properly; it cannot be done to advantage by inexperienced hands. The poultry man wants help that understands poultry feeding, sanitation, breeding, and preparation of poultry products for marketing. This work consists of much detail and requires a man who not only can do the work but is quiet and gentle with the fowls. The sugar beet growers require men able to do the hard, monotonous, back-breaking work of thinning the growing plants, and pulling and topping the mature crop to prepare it for shipment.

"All this shows what a great variety of men is needed upon our ranches. California agriculture as it stands to-day represents the cosmopolitan effort of representatives of many nations, so many in fact that to list them would include almost all that have experienced much emigration — China, France, Germany, India, Italy, Japan, Mexico, Portugal, Russia, Sweden, and on around the globe."

The authors distinguished three distinct types of labor needed:[1]

"First — Experienced unskilled men needed for the hard, tedious back-breaking work which Americans cannot generally be obtained to do under prevailing wages and other conditions; *e.g.*, asparagus cutting, onion work, sugar beet thinning and topping, hoeing beans, digging potatoes, and cotton and cantaloupe picking. Japanese, Mexicans, Filipinos, Porto Ricans, Chinese, and Hindus are mostly used with varying degrees of success for these operations.

"Second — Experienced skilled men able to do ranch work without special direction, such as milking, handling teams, running machinery (*i.e.*, mowers, binders, harvesters, tractors, engines) range riding, heavy work like bucking sacks and stacking hay, and special work as pruning and spraying trees, building fences, and picking certain fruits requiring judgment.

"Third — Unskilled inexperienced people suited to some of the more simple operations such as picking up prunes and walnuts, hoeing weeds, cultivating growing crops, and picking certain fruits requiring little or no judgment."

The California farm labor demand is characterized by an unusual variety of short seasonal needs. The grain fields of central California need men for the planting in December and January and the harvest between June 15 and August 15. The sugar beets of southern California have to be thinned in February and March and then harvested in August and September. During the intervening months the sugar beet workers must find other employment. The beet seasons of northern California are about a month later. Asparagus cutting needs hands from May 15 to July 1, the cantaloupe harvest in May and June, and the deciduous fruit crops in August and September. Each one hundred acres of hops offers work for from two hundred to three hundred men for three or four weeks. The same area of asparagus or sugar beets calls for twenty or thirty men for six or eight weeks; of pear trees calls for thirty to one hundred men for about three weeks; of cotton picking for ten or fifteen men for three months; of potatoes, for ten to thirty-five men for a month or two. The alfalfa harvest of the San Joaquin and Sacramento valleys is one of the longest seasonal demands. It offers work from April through September.

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[1] Circular No. 193, "A Study of Farm Labor in California," by R. L. Adams and T. R. Kelley, p. 6.

This brief survey of the farm labor demands of a number of typical states reveals two facts: (1) That the employment agencies and agricultural organizations interested in the farmer's supply of labor must study the agriculture of each part of each state and adapt their policies to the particular demands of each locality. (2) Diversified agriculture is the only kind which offers a steady demand for skilled workers, and therefore the only kind of agriculture which offers an economic inducement to competent farm hands.

The principal economic opportunity offered by American agriculture to farm laborers up to this time — and can we overestimate its importance? — has been the opportunity to acquire a farm. Hundreds of thousands of men have worked as farm hands until they have saved a little money and have then become farm operators. This opportunity still exists, though it now requires a larger initial investment. It is probably true that as our country develops a larger number of persons will remain farm laborers and never become owners. If we want that group to consist of reliable, self-respecting men, we must offer steady employment, wages that will support a family, houses for married men's families, and opportunities of welfare equal to those in our city employments. But as we have suggested at an earlier point in this chapter, there is little likelihood that any such permanent class of *reliable* farm laborers will develop in the immediate future. It will be a slow development, keeping pace with the improvement in labor's opportunities in agriculture.

3. The Employment Office and the Farmer

Special difficulties confront the employment office when it seeks to fill orders for farm hands. The distance of the farm from the employment office makes it difficult to get complete information about the farm — the kind of work to be done, the amount of chores, the hours, the housing, the food, the duration of the work, the probabilities of getting other work in the neighborhood when this terminates, the man's washing, whether the farmer pays his men promptly, sometimes whether the man can find others of his nationality or religion in that neighborhood. And yet the men want answers to these questions *if they are the kind of men the farmer wants.* One of the questions most frequently asked of the employment office by men seeking farm work is "Do you know this farmer?" The man who works on a farm must live in the farmer's home. He must "marry the farmer" as well as work for him. Dissatisfaction with the farm home causes as much quitting among farm hands as dissatisfaction with the work or wages. Personal dislike for the man or for his habits probably causes farmers to let men go as often as their incompetence at the work.

Minnesota's experience in her war-time farm labor office demonstrated that intelligent farm labor placement can be done by an employment office and suggests some essential principles in the management of such work.[1] The Minnesota office was established in Minneapolis in June, 1917, and operated as a state office until absorbed by the United States Employment Service in the fall of 1918. The United States Department of Agriculture put a farm labor specialist in the state office to assist in the direction of the work, and a county labor director was appointed in each of the eighty-six counties of the state, to act as county representative of the state office. In many counties these consisted of the county agricultural agents. Each of these county labor agents appointed his own corps of local representatives. He chose as many or as few as he deemed advisable in his own particular county. In counties which were still in a "backwoods" state of development or where the large number of lakes made the agricultural area so small that there was no farm labor shortage even during the war, these county organizations did very little. By August, 1917, a network of farm labor agents had been spread over the state. Four hundred and eighty-six carefully selected men were representing the Minneapolis office in the various counties and townships.

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[1] The Minnesota plan was not much different from that used in a number of other states. Ohio's plan, for example, was very similar. The two plans were worked out independently and announced almost simultaneously, but did not differ in their essentials. The principal difference was that Ohio centered their farm labor demands and farm labor recruiting in twenty-two offices in as many different parts of the state, while Minnesota centralized the work in one office, maintaining local contact through county correspondents. A number of other states had somewhat similar plans. The details differed, but there seemed to be a general agreement on fundamentals. The Ohio plan is described in the *Monthly Labor Review*, April, 1918, p. 53, in an article on "Mobilizing and Distributing Farm Labor in Ohio," Wm. M. Leiserson. Cf. also "Developing a Farm Hand Business," H. J. Beckerle, Bulletin 192, United States Bureau of Labor Statistics, p. 114.

These men received no salaries. They were selected partly because of their patriotism and partly because self-interest could be made to take the place of wages in their particular cases. Self-interest, coupled with an interest in public affairs, would have to be the basis of their selection in times of peace. There were among them bankers, merchants, implement dealers, farmers, school principals, a harness maker, a chief of police, lawyers, and men of other vocations. In one county a bank cashier was the mainstay of the organization; in another, an implement dealer; in a third, a lawyer; in a fourth, a chief of police. Farmers were seldom satisfactory representatives. The work was to them a burden without commensurate benefit. But to the others it brought business, friends, valuable good will.

These local agents were supplied with blanks by the state office and given authority to telephone or telegraph *collect* when sending in orders or notifications for cancellations of orders. Each week during the busy season they received letters of information with respect to the condition of the labor market, current rates of wages, methods of recruiting men locally, and other matters connected with the work, and they were circularized from time to time for information about the prospective demands for farm labor in their localities during the succeeding week or two.

Farmers were required to place their orders with these local agents. If they sent their orders for men directly to the state office, the orders were returned with instructions to place them with the local agent. There were two reasons for this rule: it enabled the local agent to fill as many as possible of the jobs with local men, and it gave the Minneapolis office a responsible agent in the locality to whom it could send its men. The importance of using all local labor before importing transients has not been fully appreciated in the United States. It benefits the local community by giving its local residents the maximum amount of employment, by paying the wages to people who will spend or invest their earnings in the community, and by binding the people of a community into closer economic relations. A local resident is ordinarily more efficient than an outsider. He is more responsible. He is on hand next time as well as now. It benefits the nation by decreasing the demand for transient labor. We have hundreds of thousands of migratory, homeless, more or less irresponsible and undependable men in this country because there is a demand for them in our industries. To just the extent that we decrease the demand for them we decrease the forces which produce such men. One of the essential labor problems that confront the United States is the checking and reduction of the migrating of labor. Local self-sufficiency in labor supply is a goal to be striven for by every community. And farming is one industry which can do a great deal, as far as its own labor demand is concerned, to develop a balance between local labor demand and local labor supply. During the war the maximum utilization of local labor supply was a national necessity because it left the transient labor available for localities or industries which could not possibly get along without bringing in outsiders. The Minnesota office, as soon as it became fully conversant with the farming and the labor situations in each county, was able to entirely eliminate two thirds of the state from the Minneapolis market. In other words, it was able to show those counties that they could care for their own crops if they tried hard enough, and made self-sufficiency a matter of local pride. Its assistance to these localities consisted almost entirely of suggestions to aid them in recruiting and mobilizing their local labor. As largely as possible the community was left to carry its burden alone. Ordinarily, the more fully a community realized that it had to walk on its own legs, the better were the results. No two counties met their problems in identically the same way — but they all met them.[1]

The importance of having a responsible local agent through whom to do business when sending men to farms will hardly be appreciated by one who has never actually attempted the task. There are many farmers who do not seem to realize the impropriety of placing an order for a man with an employment office in a distant city, then hiring some one who comes along, and failing to cancel the order at the employment office. They seem to forget the order as soon as their own need has been met. When the workman sent out by the office appears they tell him the job is filled and do not feel any further responsibility in the matter. A city employer who did the same thing would ordinarily recognize a duty to reimburse the workman, at least for his railroad fare. The farmer indignantly denies any such responsibility. He rarely pays for the loss caused by his carelessness. This is not due to dishonesty on his part. It is due simply to lack of realization of his relations to labor. His consciousness on the subject is undeveloped. If the farmer places his order with a local agent, who can keep in touch with the situation in the locality, cancellations of filled places are far more apt to be sent in. Furthermore, if men are sent to the locality on a farmer's order, and the work has evaporated, the local agent is responsible to them and for them. He has a duty to find other places for them in the locality or else to telephone the central office and have other positions assigned them.

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[1] One of the serious errors in most state and government policies is that they try to do too much for local communities. Their programs and plans are *too well worked out, too stereotyped,* too "cut and dried." There is nothing left for local brains to do but carry out other men's ideas. The constructive, interesting part of the task has been finished. Unfortunately, the stereotyped plan is also deficient because so often poorly adapted to the particular local situation. If it is used, it must be revised. It is better to present the problem to the locality for solution. Let it face the problem as *its own task.* Give it suggestions, acquaint it with the experiences of other localities, encourage it to follow the main outlines of a general plan. But let it bear the toil of the day and claim the credit at eventide.

4. The Farm Labor Supply

The American farm labor supply is made up of a number of distinct elements. The farmer's boy is one of the most important. He absorbs farm technique as a part of his boyhood experiences. As a young man he often varies his training by working as a farm laborer in his neighborhood or in other localities. Thousands of farm boys from states farther east apply for work at the employment offices which send men to the farms of the Mississippi valley each year. There is a steady migration of farm boys to new localities. A considerable percentage of the farm boys either eventually become owners or else go to the cities and take up other occupations. Relatively few of them remain permanently as farm laborers. The second source of supply is found in the population of the cities and towns contiguous to each farming district. These furnish much of the crop season and day labor for summer season demands. They entirely take care of the seasonal needs of the farms in many localities. In the south the negro renters work as day laborers on neighboring farms, while the "backwoods" farms of new and hilly regions send thousands of their owners and their children out to work as seasonal farm laborers in better farming districts. The mountaineers of West Virginia, Kentucky, or Tennessee find a counterpart in this in the new settlers in the northern part of Wisconsin and Minnesota, who go to the harvest fields to the west in large numbers. Transient laborers who work at other times in the lumber woods, on railroad work, for contractors and in other employments, go to the Mississippi valley grain fields by the thousands during the harvest, while Mexicans come across the line to meet similar demands in the south, and Japanese in the far west.

CHAPTER XV

UNEMPLOYMENT INSURANCE

The measures which we have suggested for the mitigation of unemployment, and the organization of the labor market which we have advocated in this work, will not do away with unemployment. At best, they can but minimize it. No one has yet been able to advance a plan which even includes the slightest hope of *entirely* eliminating unemployment. Under these circumstances society must face the duty of devising some just and adequate way of taking care of those persons upon whom unemployment is inevitably forced by the operation of our industrial organization.

There are three general methods which might be urged. The worker, theoretically, might save enough while he is at work to provide for the inevitable period of unemployment; or he might turn to charity; or we may provide a system of unemployment insurance which will give the idle workman a steady though diminished income in periods of unemployment. The first solution has been demonstrated unsound by our entire experience to date. The workers upon whom unemployment falls most frequently and most seriously are precisely those whose relative inefficiency keeps down their earnings while they are at work and who are the least efficient at spending and saving. Furthermore, the irregularity of unemployment, and the impossibility of the worker's forecasting the date when it will arrive, the period which it will last, or the possibility of securing other employment, all undermine any tendency that might exist to try to provide for the idle day during the period of work. Moreover, the periods of idleness nearly always mean the accumulation of debts, and the employed period becomes a period of liquidating obligations rather than preparing for the future. Most fundamental of all, however, is the fact that the actual earnings of the great mass of our laborers when at work are at best no more than adequate for current needs. No study of wages has yet been able to discover any addition to the wage during the periods of employment for the purpose of providing the worker with savings for his coming period of unemployment. On the contrary, our industries have operated on the theory that the employer should pay for the support of the worker while in his employ and has no responsibility for the life or welfare of the worker when the employment is terminated.

The second plan, dependence upon charity, has been the all too common practice in the past. It is unsound in principle, demoralizing in practice, and repugnant to every sound conception of a democratic civilization. It throws upon charitably disposed individuals in the community the obligation of subsidizing the industry which has employed the workmen by forcing them to provide the income for the period of idleness which should in one way or another have been provided by the workman's employment.

Both dependence upon saving from wages and dependence upon charity are unsound and undependable methods of dealing with the fact of irregular employment. The third method, insurance against unemployment, is the one method which is based upon sound economic principles and is in harmony with a democratic civilization. Unemployment insurance would require the worker and industry to jointly maintain funds for the payment to necessarily unemployed workers of a fraction of their regular earnings during periods of idleness. Unemployment insurance is unquestionably the most difficult and delicate type of insurance to operate in practice. Sooner or later such insurance seems inevitable, but it will require the most careful study to work out a practical system. It must be a system that takes into account human psychology as well as economic facts. It will have to avoid subsidizing idleness. It will have to be worked out on a plan which makes it certain that those who draw the insurance are idle because of industrial conditions, not because of their own inclinations or shiftlessness. There are a considerable number of people among the group most frequently unemployed who would rather be idle on a very small income than to work for a much better income. The greatest care will have to be exercised to avoid supporting such persons on the insurance funds.

We do not propose to enter into a discussion of unemployment insurance. The subject is one which does not come within the scope of this work. We mention it only because it forms an integral part of the general problem of employment and unemployment. Prevention, placement, and insurance are the three related and interwoven parts of the general unemployment problem. Every student of employment should thoroughly familiarize himself with the problem of social insurance which has already received considerable discussion in European and American literature and which has become a fact in England and in other countries. Indeed, it has become a fact in America as a feature of trade union organization and as a policy in a considerable number of individual industrial plants. In Belgium, France, Germany, Holland, Italy, Switzerland, and Norway, considerable advances have been made in trade union and municipal unemployment insurance. England alone has attempted the establishment of such insurance in connection with her national employment exchange system.

APPENDIX I

BIBLIOGRAPHICAL NOTE

There are a number of publications which are of especial value as current sources of information on employment. *The New York Journal of Commerce* and *The Annalist* are particularly good on current business conditions; *The Survey* and the *American Labor Legislation Review* on employment problems from the workers' point of view; and *Industrial Management*, *The Annals*, and *System* on employment from the employer's point of view. Articles on farm labor questions will be found scattered through the various agricultural papers. *The Monthly Labor Review* of the United States Bureau of Labor Statistics and the *Employment and Unemployment Series* of the *Bulletin* published by the same bureau are indispensable to one who wishes to keep up to date on employment questions. The monthly bulletin of the New York Industrial Commission on the *Labor Market*, and the monthly statistics of the Ohio Public Employment Offices, which are published by the Ohio Industrial Commission, furnish valuable statistics.

No effort is made in this bibliography to list every book and article available on the subject of employment. The author has, instead, prepared a selected bibliography which will enable any person to acquire a thorough introduction to the various phases of the problem of employment.

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